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Aides See Tax Boost By Reagan

Tobacco, Liquor Likely Targets

By Howell Raines
New York Times Service
WASHINGTON — President Reagan is expected to accept the consensus among his senior advisers that he must propose tax increases for the next two fiscal years, according to administration officials involved in the budget deliberations.

The officials cautioned, however, that Mr. Reagan had not approved the specific proposals by which administration officials have said that revenue could be increased \$15 billion to \$18 billion in

The Treasury secretary unites with President Reagan's advisers in recommending a tax increase for 1983 and 1984. Page 3.

the 1983 fiscal year and \$30 billion to \$35 billion in 1984.

Larry Speakes, the deputy White House press secretary, said Saturday the president was reviewing the revenue proposals.

Mr. Reagan is known to be considering increases in the federal excise taxes on tobacco, alcohol and gasoline, as well as the closing of loopholes in existing tax laws. These, along with additional spending cuts, are intended to pull the deficits for 1983 and 1984 below the \$100 billion-plus level that the Office of Management and Budget has forecast in the absence of tax increases.

Mr. Reagan has vowed not to alter his plan to reduce income taxes by 25 percent over three years, which took effect with a 5 percent cut last October. But his advisers have argued that excise taxes, which are based on consumption, could be increased without damaging the stimulative effects of the income and business tax cuts in the production, or "supply-side," area of the economy.

Rep. Jack Kemp, a New York Republican, said Friday that he had been promised a White House meeting this week in which he would have an opportunity to try to persuade the president that tax increases of any kind would undermine the "supply-side" economics of Mr. Reagan's economic recovery program.

But Rep. Kemp conceded that the advisers seeking tax increases had gained the majority position in White House councils. "The president and I are the only supply-siders left," he said.

Rep. Kemp said that David A. Stockman, director of the Office of Management and Budget, had come up with high deficit projections to persuade Mr. Reagan that he had no choice but to approve the tax proposals.

Projections by the budget office set the 1983 deficit at \$152 billion and the 1984 deficit at \$162 billion in the absence of tax increases. Mr. Reagan is being told that with tax increases and further spending cuts he can hold the deficit to \$75 billion and \$55 billion in those years.

It is estimated that doubling the federal excise taxes on alcohol and tobacco will yield about \$5.2 billion a year in new revenue. Doubling the current federal gasoline tax of 4 cents a gallon would yield an additional \$2.5 billion.

No Windfall Tax
Treasury Secretary Donald T. Regan has said that Mr. Reagan is considering these excise increases as well as the closing of loopholes that the president called for in his Sept. 24 economic address.

Recent analysis showed that the closing of loopholes in existing tax laws would raise about \$5 billion in 1983 and \$9 billion in 1984.

Mr. Regan has said that the president has ruled out a windfall profits tax on natural gas as an administration proposal to make up the additional revenue. But the secretary did not rule out such a tax if Congress imposed it as a condition of decontrol, which the president favors.

Another proposal known to be under consideration by Mr. Regan is a tax of \$3 a barrel on domestic and imported oil. This could raise \$8 billion in 1983 and \$13 billion in 1984.

On such proposals, a top White House official said, Mr. Regan's endorsement will be critical to the president's final decisions. These decisions have to be disclosed by Feb. 8 when the budget is scheduled to go to Congress. But Mr. Regan is expected to make his recommendations public in his State of the Union address Jan. 26.

Soviet-Afghan Aid Accord
ISLAMABAD, Pakistan — The Soviet Union will supply Afghanistan with 355,000 tons of petroleum products and 44,000 tons of sugar under an agreement signed by officials of the two countries Sunday in Kabul, Afghan radio reported.



The courtyard of an internment camp at Bialonienka, near Warsaw, where militants and supporters of the Solidarity trade union reportedly are being held. The photo was taken through the barred window of a cell. The photo's date is unknown.

NATO's Forward Defense Strategy Questioned

Military Experts Fear a Soviet Infantry Thrust Could Lead to Encirclement

By Drew Middleton
New York Times Service

NEW YORK — For the first time in more than a decade, serious doubts are being expressed about the soundness of NATO's strategy in defense of Western Europe.

Forward defense is the essence of this strategy. This means that with sufficient warning of Soviet aggression, all the allied troops in West Germany would move forward to the frontier areas.

An increasing number of professional soldiers in Europe believe this strategy is unwise. Until recently their misgivings have been muted, but several factors, among them the possibility that U.S. troops now in West Germany might be needed for operations

outside the NATO area, have forced re-examination of the basic strategy.

Planners in Washington and at NATO headquarters near Brussels say that with allied forces strung out along the frontier, Soviet troops, with a preponderance in tanks of 4-to-1 at the principal point of attack, could smash through this allied defenses and roll up the flanks surrounding the forward elements before reinforcements could reach the front.

These reinforcements, in the event of war, would be chiefly U.S. and British troops based in the United States and Britain. West Germany, the strongest Continental power in NATO's military command, would have "everything in the shop window," a NATO source said.

Lt. Col. Henry G. Gole of the U.S. Army War College said that "defense in depth and more mobile reserves would be the prudent military means to prevent such a catastrophe."

"But both depth for maneuver and mobile reserves are denied NATO field commanders whose forces are deployed in the Federal Republic of Germany," he added.

West German support for the forward strategy is based on memories of World War II. Public opinion cannot accept an alternative that would surrender German territory and people to prepare counteroffensives. The warning time that would be available is an essential factor in assessing allied ability to cope with Soviet aggression. Estimates range from 48 hours to a week or 10 days.

A dispute on military strategy would probably further aggravate current differences. NATO unity, already damaged by reaction to U.S. plans to deploy intermediate-range missiles in Europe, might disappear if a debate over conventional strategy were added to existing arguments.

Last September, before anti-missile protests in Western Europe had reached their peak, Joseph Luns, NATO's secretary-general, told friends that he feared a revival of "Mansfieldism" in the United States. He was speaking of Mike Mansfield's proposal in the 1970s, when he was a senator from Montana, to reduce U.S. forces in West Germany if Bonn did not meet certain financial obligations connected with the stationing of those forces.

Analysis with experience in Europe believe that the difference over military strategy is rooted in varying estimates of the Soviet threat in Europe. Aside from a few military leaders, intelligence specialists and experienced politicians, these analysts contend, West Europeans do not regard the Soviet Union as basically dangerous to their freedom.

The European powers in NATO, with the exceptions of Britain and France, have refused to consider operations outside the alliance's boundaries to meet a perceived Soviet menace, although they are willing to consult if any clear threat arises. The French and British are prepared to send naval forces to threatened areas, but this would be done outside NATO.

At the same time, West Germany and NATO's other European members most nearly concerned, particularly the Netherlands, Belgium and Denmark, are hostile to re-examination of the forward defense strategy. But American analysts stress that these governments also oppose additional military spending that would increase the number of divisions available by at least 10. Such a reinforcement might make the present forward strategy slightly more credible.



Drifting snow brought traffic to a halt Sunday on a highway between Salzburg and Munich.

Snowstorms Block Roads, Disrupt Flights Across Europe; 12 Dead in British Isles

From Agency Dispatches

LONDON — Snow, freezing rain and floods snarled communications across Europe over the weekend and weather forecasters predicted no letup before Tuesday.

In England, searchers found the body of a 71-year-old woman in a river near the Derbyshire town of New Mills; she was the 12th person in the British Isles known to have died in the storm. It was feared a 27-year-old man missing since Friday was also dead.

By Sunday morning, the two-day snowfall had ceased in Britain but temperatures were below freezing. The temperature dipped to minus 19 Celsius (minus 2 Fahrenheit) in Shawbury, Shropshire.

The heaviest snowfall of the winter in Germany closed a 12-mile (19-kilometer) stretch of the autobahn from Munich to the Austrian border Saturday. Police supplied stranded motorists with blankets, food and hot drinks.

At Roissy-Charles de Gaulle and Orly airports outside Paris, air controllers struggled to clear a backlog of flights affected by snow, ice and fog. Ice conditions forced the cancellation of 19 flights at Mulhouse-Basel airport on the French-Swiss border.

Flooding in France
Snow and rain heightened fears of flooding on rivers in the Alps and in the central Auvergne and Nièvre regions of France. A rapid rise in the level of the Charente River in the southwest flooded the city of Angoulême. Flooding in Brittany killed thousands of head of livestock and inundated the town of Vitré, while heavy snowfalls put ski resorts in the Pyrenees out of action.

The cold wave stretched into Asia Minor, where three persons froze to death in eastern Turkey and two drowned in floods in a western city, authorities said Sunday. Several western Turkish provinces were hit by rain that sent rivers flowing over their banks and damaged crops.

In the United States, the death toll rose to 30 as

rescuers in the Love Creek area of Santa Cruz County found more bodies Saturday buried in last week's mudslides.

Arctic cold gripped much of the Midwest. In South Ste. Marie, Mich., the coldest place in the United States on Sunday, the temperature fell to minus 38 Celsius, while Milwaukee recorded a temperature of minus 31 Celsius, tying the record set in 1875.

The temperature dropped to minus 32 Celsius in Chicago, a record for the city. Up to 50,000 persons in the city were left without electricity as wires became brittle and snapped in the cold. "This is a real emergency," declared Mayor Jane Byrne.

The cold was expected to push deep into Florida during the night, with a hard freeze forecast for two-thirds of the state.

Heavy snowfalls were reported in Maryland, Virginia and New York.

Lunar Eclipse Obscured
In Britain, snow-clearing crews succeeded in reopening London's Gatwick Airport on Saturday following an all-day shutdown. Officials managed to keep one runway open all day at Heathrow.

The snow also frustrated astronomers across most of Europe who were unable to view Saturday's lunar eclipse.

In Scotland, temperatures dropped to minus 15 Celsius. Conditions in Britain were worst in Wales where police said dozens of villages were cut off and nearly every major road impassable because of snowdrifts up to 20 feet (6 meters) deep.

Meteorological experts said a high-pressure weather system that normally protects Britain from severe winter weather had failed to materialize, preventing warm weather fronts coming in from the Gulf Stream.

But when warmer weather does come, Britain will have to face the renewed threat of floods. Melted snow from the storms at Christmas inundated towns and riverside communities until it froze again last week.

Haig Seeks NATO Stand Against Russia on Poland

From Agency Dispatches

BRUSSELS — The United States will press its allies for a "clear condemnation" of Soviet behavior towards Poland, and hopes to set the stage for future sanctions against both the Soviet Union and Poland, Secretary of State Alexander M. Haig Jr. said Sunday.

Mr. Haig, who arrived here Sunday, said he will warn the NATO foreign ministers at a meeting Monday against being tricked by "phony moderation" into thinking that the repression in Poland is easing.

Speaking with reporters during his flight, Mr. Haig said that the danger remains of further internal repression by the Polish government and possible direct intervention by the Soviet Union.

"Common Overall Approach"
The United States, he said, will seek "a clear condemnation of the Polish junta and Soviet responsibility for the events" in Poland as well as "an unequivocal reference to the blatant" violation of human rights by both countries.

There should be "a clear recognition that the Soviet Union is behind events in Poland," he said.

"The meeting would be a success if we can achieve a common overall approach for the long haul," he said. He added that the United States wants to "establish the basis for action if the situation is not remedied in the immediate future."

State Department sources said in Washington that the alliance would issue a joint statement on Poland that "points the finger" of responsibility at the Soviets.

Mr. Haig said, "there will be a statement," but he also acknowledged he does not expect the allies to agree on specific sanctions against Poland and the Soviet Union if the martial law crackdown persists.

"I hope we will begin the framework for active consideration of economic and political sanctions," he said. Progress has been made in considering when and how to impose sanctions against Poland but agreement "is badly lacking" on (Continued on Page 2, Col. 1)

Poland Relaxes Censorship

From Agency Dispatches

WARSAW — Poland's military rulers have lifted censorship on foreign correspondents and announced the partial resumption of overseas flights by the national airline.

LOT, the Polish airline, has announced a reduced but regular schedule to foreign capitals beginning on Monday, with three or four flights a day. Flights by foreign carriers have not yet been resumed.

The ending of censorship on foreign press dispatches Saturday came after resident Western correspondents sent a petition to the authorities saying that censorship was serving only to foment rumors and prevent accurate information from getting out.

However, correspondents were told that they would have to file their dispatches from telex machines set up at the government information center. Regular telephone and telex links between Poland and the outside world remained cut.

Communications between cities in Poland and international links were severed after martial law was declared on Dec. 13. Some limited service, mainly for telegrams and telephones within a few regional centers, has been restored.

Military Said to Reject Polish Church Appeal

From Agency Dispatches

WARSAW — Poland began its fifth week under martial law on Sunday with signs that the Roman Catholic Church had made no headway in persuading the military rulers to give up power.

Informed sources said that prospects of a breakthrough faded when Gen. Wojciech Jaruzelski, the Polish leader, and Catholic primate Jozef Glemp failed to resolve their differences at a meeting Saturday.

The talks were believed to have been their first since the army takeover, but the sources said the two leaders made little progress on church demands for immediate restoration of civil rights and the suspension of martial law.

Church sources have said that the archbishop, who has become increasingly critical of the military takeover, previously refused to meet with Gen. Jaruzelski unless Lech Walesa, the leader of the suspended Solidarity union, was also present.

Mr. Walesa is said by officials to be under house arrest at a villa outside Warsaw.

In the days immediately after the introduction of martial law on Dec. 13, the church called for calm and appealed against acts that could lead to further bloodshed, a stand that favored the authorities' attempts to restore order. But in recent days the church has become more critical of actions by the government, including the mass internments.

Archbishop Glemp told Poles Sunday that they should listen to the voices of their conscience in deciding whether to sign loyalty pledges demanded by the Communist authorities.

Echoing the words of Pope John Paul II in a sermon in the Vatican, Archbishop Glemp said that nobody had the right to force a (Continued on Page 2, Col. 6)

Russia Warns Europe on Sanctions

By Dusko Doder
Washington Post Service

MOSCOW — The Soviet Union has hinted that it would take retaliatory trade action against Western European nations that decide to follow President Reagan's program of economic sanctions over Poland.

Foreign Trade Minister Nikolai Patolichev, in a long article in Pravda outlining economic benefits Western Europe had enjoyed as a result of East-West détente, charged Saturday that the United States was trying to "worsen" international relations to unleash "an unstoppable arms race."

Another Pravda article Saturday said that the Reagan administration was becoming "increasingly hysterical" about the course of events in Poland since the military takeover. It said the Americans were threatening to call off U.S. Soviet arms limitation talks to exert pressure on Moscow.

The article suggested that Moscow was trying to play upon the transatlantic divisions on these two issues to try to preclude

the emergence of a common Western response.

Without mentioning Poland, Mr. Patolichev said that the Reagan administration was resorting to the "unacceptable" use of "trade and economic relations with the Soviet Union and other Socialist countries with the objective of exerting political pressures on them."

Mr. Patolichev warned that "those countries that succumb to pressure exerted from the other side of the ocean may pay for this with the loss of their positions in our foreign trade. Experience shows that it is far easier to disrupt trade relations than to restore them."

He said that Western Europe had received "real benefits" from business cooperation with the Soviet bloc during the years of détente in the 1970s. He added that continued trade and economic ties reflected "vital interests" of Western Europe, "especially in the conditions of economic decline."

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U.S. General Says Draft Sign-Up Won't Fill Ranks in a Europe War

By George C. Wilson
Washington Post Service

WASHINGTON — If war broke out in Europe, the United States would run out of replacements before draft registration or even the draft could do any good, according to Gen. Bernard W. Rogers, commander of NATO forces.

Gen. Rogers, the supreme allied commander in Europe, made that point emphatically in previously, secret testimony, which was released recently in censored form by the Senate Armed Services Committee.

His testimony is one reason why military leaders say that draft registration, although a benefit symbolically, will do little toward sustaining the all-volunteer military if there is a war. President Reagan ordered the indefinite continuation of draft registration on Thursday.

"Sustainability," Gen. Rogers told the committee in closed session last year, "requires an adequate manpower base from which to mobilize. We do not have that manpower base in the U.S. Army today."

Long-Known 'Deficiency'
"Even with registration in effect," he continued, "and even cannibalizing the late-deploying reserve component units and putting their troops in the individual reserve — the pool of trained manpower — this country will run out

of infantrymen, tankers, artillerymen and combat medics before the draft can take over and send me a steady stream for replacements for combat casualties. We have known of this deficiency for years, and every time we have a mobilization exercise such as Nifty Nugget and Proud Spirit it comes out again."

"This country has been putting Band-Aids on that problem," he said. However, Gen. Rogers characterized the paying of soldiers to re-enlist in the ready reserve as "a fairly sizable compress that will help somewhat."

The former Army chief of staff said he is "embarrassed that this country, as it beats our allies around the head and shoulders to do more, finds itself in the position that it is going to run out of trained manpower in combat skills before the draft can take over, even if the Congress implements the draft on the first day of mobilization."

He reminded the committee that the Constitution charges Congress with raising and supporting armies.

"This country has to face up to that deficiency and do something about it," he warned, "if it is serious about being the leader in our alliance. There have been heads of government who have told me that they will not believe our country is serious in its defense efforts until it again brings back conscription."

Among those who have told me that are some of the most powerful allies that we have."

Mr. Reagan, in announcing that he will continue the requirement that 18-year-old men register for the draft, a step he opposed during his presidential campaign, said his switch "does not foreshadow a return to the draft. This administration remains steadfast in its commitment to an all-volunteer defense force."

Besides deploring the lack of trained reserves to serve as quick replacements, many military officers predict that, unless training facilities are upgraded and supplies for draftees are stockpiled, in any future emergency they would run into the same bottleneck that frustrated them during the Vietnam War.

In 1966, in the early days of the Vietnam buildup, the Army did not have enough facilities and drill instructors to train both draftees and the thousands of men who signed up for six months' training as part of the Reserve Enlistment Program.

By transferring combat-division personnel to training duty, the Army trained the influx of draftees but could not handle those in the Reserve Enlistment Program, prompting charges at the time that it was providing a draft-dodging haven for 120,000 men.

Prague's Unspoken Fear: Polish Political Fallout

By Henry Kamm
New York Times Service

PRAGUE — The crisis in neighboring Poland is causing nervousness in Czechoslovakia. The reasons are largely economic, but the Communist leadership here also appears to be concerned about possible political consequences.

The economic concerns were openly talked about in a series of interviews with government and party officials as well as with journalists working for the official press.

Almost Identical Terms

But there were only allusions to the political concerns. Officials in the regime of Gustav Husak, the president and Communist leader, became agitated when they spoke of the activities of the independent labor movement in Poland and the public support that it enjoyed.

Political nervousness was also suggested by the hesitation of officials interviewed to raise the Polish

Officials Admit Economic Concerns, Only Hint at Others

issue, and, when asked about it, by the vehemence with which they condemned Solidarity and endorsed the military regime's crackdown.

Indicative of a carefully constructed line that appears to have been put out to "responsible" officials, the men interviewed emphasized in almost identical terms the "counterrevolutionary" and "anti-Socialist" character of Solidarity.

They accused NATO of supporting the union with the aim of "paralyzing" a vital member of the Warsaw Pact. And they said that the Czechoslovak people, hardened by their own "counterrevolutionary" experience in 1968, were united in rejecting Solidarity's aims.

At the same time, members of Czechoslovakia's dissident community have been warned by the policemen watching them not to

circulate any comments on the Polish situation.

The effect of Polish events on Czechoslovakia's sluggish economy is twofold, according to the officials.

Because of the close link between the two countries, the failures in deliveries of Polish coal, copper, sulfur and other raw materials have caused serious delays in production in many Czechoslovak plants. At the same time, the worldwide recession, rising import prices and domestic shortages have virtually halted the outlook for growth in Czechoslovakia's gross national product.

Furthermore, the vast needs of the Polish population after a year and a half of declining production and imports of food and other consumer goods are causing a further, apparently significant, drain on Czechoslovakia's economy.

Czechoslovakia has been ship-

ping undisclosed quantities of food, clothing and other consumer products to Poland. Officials believe that the Polish crisis, as well as the flow of Czechoslovak goods, will last a long time.

Diplomats in Prague feel that economic planners here are even more concerned because the Soviet Union, the principal source of energy and raw materials to both Poland and Czechoslovakia, is reducing shipments here.

Out in Oil Shipments

Zdenek Horeni, acting editor in chief of the Czechoslovak party daily Rude Pravo and alternate member of the party's Central Committee, said that because of Poland's needs, the Soviet Union was reducing exports of crude oil to Czechoslovakia by a million tons this year.

He added that Moscow would make up the shortfall by increasing

supplies toward the end of the five-year plan that runs from 1982 to 1986.

Diplomats specializing in Eastern European affairs suspect that while the Soviet Union might cite the Polish crisis as the principal reason for reducing energy and raw material shipments to its allies, Moscow is more likely to be motivated by its own hard-currency needs.

The diplomats say the Soviet Union overestimated deposits in its Siberian oil fields, and would prefer to sell whatever petroleum is available on the world market for convertible currency.

Anger at Press Reports

Officials here concede that Czechoslovakia is having economic difficulties, but they bristle at Western press reports of a "crisis." The economic problems have led to a delay in publication of last year's economic plan and the five-year plan that has just gone into operation.

The 1981 grain harvest, affected by bad weather, fell 1.6 million tons short of the planned total of 11 million tons. Officials indicated that for the first time since the 1950s the regime is preparing to announce an increase in meat prices, a politically difficult step.

Frantisek Kouril, the government spokesman, said in an interview that meat was grossly underpriced. He stopped short of saying that prices would soon be increased, but he implied that they would eventually rise.

Church 77 Statement

LONDON (AP) — In its first statement since the military crackdown in Poland, Charter 77, the Czechoslovak human rights movement, said Warsaw's declaration of martial law and suspension of the Solidarity trade union represented a "terrifying menace for the future."

In a statement issued Friday by three members and telephoned to Palach Press, a Czechoslovak dissident news agency in London, the group said the military takeover was merely "a desperate social and international tensions."

British Reporter Tried by Poles for 'Visa Irregularity'

The Associated Press

LONDON — Greg Miskiw, 32, a reporter for the Sunday Mirror, was arrested in Poland on Dec. 18 and put on trial last Wednesday under the country's martial law regulations for "visa irregularities," his newspaper said.

His trial before a Warsaw court is to continue on Tuesday. A Foreign Office spokesman confirmed Mr. Miskiw's arrest and said that the British Embassy in Warsaw was represented at the hearing Wednesday. "He is fit and well but naturally concerned," the spokesman added.

News of his arrest had been kept secret in the hope that his release might be secured without publicity. As he is now on trial, the paper said on Saturday, this no longer applies.

Robert Edwards, the Sunday Mirror editor, said the paper hoped the Polish authorities "will recognize that he is simply a professional journalist seeking to report the truth and regard his detention over Christmas and the New Year as punishment enough if the court does find he did transgress the visa regulations."

Mr. Miskiw arrived in Warsaw from Vienna by train on Dec. 18, five days after the imposition of martial law, and was arrested on arrival, a Mirror spokesman said.

Moscow Warns West Europe Against Economic Sanctions

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produced "certain uncertainties in American firms and Soviet trade organizations about the possibility" of normal trade between the two countries.

To be effective, Mr. Reagan's sanctions would have to be accompanied by similar allied punitive measures. The Russians have been quietly satisfied with the lukewarm West European reaction to Mr. Reagan's prodings, and Mr. Patolichev's three-column article was seen by Western diplomats in Moscow as reflecting continued Soviet pressure on the Europeans to resist Washington.

Mr. Patolichev also emphasized

economic benefits involved in the gas pipeline that a West German-led European consortium plans to build to carry Soviet natural gas from western Siberia to West Germany and other West European countries.

West German Firms

He singled out West German firms, ranging from those contracted to deliver 100,000 tons of pipes to others that will build a new aluminum plant and a large factory producing synthetic fibers.

Mr. Patolichev mentioned the recent visit to Bonn by the Soviet leader, Leonid I. Brezhnev, and said that several large projects "are being considered now, including some that are looking into the next century."

He said the Soviet Union continued to promote trade with Western countries "even in the present complex world situation." This, he said, reflects Moscow's determination to contribute to the improvement of general relations with them and to continue détente.

Mr. Patolichev said that since the onset of détente, Moscow's trade with the West had risen from \$6.7 billion in 1971 to \$45 billion in 1980. He said Western Europe today accounts for 80 percent of Soviet trade with industrialized countries.

During the last decade, he continued, "Europe lived in the conditions of peace and détente, getting real benefits from the extension of business cooperation with Socialist countries. The large and steadily growing markets of the Socialist community constitute an objective reality. This is why the trend for expanding business cooperation between Western Europe, on the one hand, and the Soviet Union and other Socialist countries, on the other, is inevitable."



PAPAL BLESSING — A woman walks past a poster display of Pope John Paul II on a street in Krakow, Poland. The photo was taken in late December by an American student.

Church Said to Fail in Bid to Ease Rule

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human being to break his conscience. It was the second time in less than a week that he had assailed Poland's martial law authorities for suppression of human rights.

Speaking in the Church of Saint Augustine in central Warsaw, Archbishop Glemp said that the church was doing everything possible to help detained Solidarity activists and their families, including holding talks with the government.

"We make interventions, we appeal to the authorities, we send them letters. We're trying to visit all of the camps to give the detainees some hope and relief, even the smallest," he said.

Invalid Declarations

Two days ago, in a sermon in St. John's Cathedral in Warsaw, the primate denounced the government's demand that people sign loyalty oaths and renounce their Solidarity membership and said that such declarations, given under coercion, were invalid.

In that sermon, the primate also criticized the conditions of the more than 5,000 inmates and implied that the church knew of more deaths under martial law than the eight then acknowledged by the government. [On Friday, a Warsaw radio broadcast monitored in Washington put the death toll at 17, eight at the Wujek coal mine in Silesia and nine in Gdansk.]

At a Saturday news conference Jerzy Urban, the government spokesman, said that the total number of people interned under martial law was 5,937, of whom 918 had been released. He said that 916 other persons had been arrested on charges of violating martial law provisions and that of those, 276 had been sentenced. Seventeen were judged not guilty.

Referring to the interned Solidarity leaders, Mr. Urban said those who had no charges pending against them would be released without trial. Law was lifted in the city of Poznan.

But the authorities still appear uncertain about what to do about Solidarity. They have given themselves until Jan. 20 to work out a clearer policy before Gen. Jaruzelski addresses the Sejm (parliament) on the state of the country.

Government officials say the Sejm will approve a martial law decree by the Council of State, a move that would ensure continued suspension of union and civil rights if the army returns to the barracks.

The authorities have announced a minor easing of martial law re-

strictions, including a partial reopening of universities. Universities were reopened on Friday for final-year students only, with a warning that they would be shut down at the first hint of trouble.

The Polish press agency PAP reported that all universities and technical institutes would resume classes by mid-February, but under tight restrictions.

Janusz Obodowski, a deputy premier and Finance Minister Marian Krzak, who were also at the news conference, said in reply to questions that the foreign debt now stood at \$28.5 billion, of which \$2 billion was owed to Soviet Bloc countries. Over the current year, the need for foreign exchange will be \$1.5 billion every quarter, they said.

The replacement of two senior officials on Saturday was one indication of the turmoil within the Communist Party and the attempts to consolidate a base to deal with the crisis.

The replacement of Gdansk party secretary Tadeusz Fiszbach, a noted liberal, and Andrzej Zabin-

ski, a hard-liner from Katowice, was not unexpected. Their regions had been the scenes of the most intense and bloody unrest following the imposition of martial law on Dec. 13.

The men who replaced them — Maritime Economy Minister Stanislaw Beger in Gdansk and Politburo member Zbigniew Messner in Katowice — are both viewed as orthodox Communists. Both are economists.

Pope Condemns Abuses

VATICAN CITY (AP) — Pope John Paul II on Sunday issued a tough condemnation of human rights abuses under the martial-law crackdown in his native Poland and declared that, to violate a man's conscience is worse than killing him.

Using his strongest language since martial law was declared, the pope asserted, "I raise my voice to God, together with all men of good will, so that the consciences of my fellow citizens are not suffocated."

Haig Seeks NATO Stand on Russia in Polish Crackdown

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what to do about the Soviets, he said.

On Dec. 29, Mr. Reagan announced a U.S. ban on the sale of high technology equipment to the Soviet Union. West German Chancellor Helmut Schmidt said in Washington last week that his country had no plans to impose similar sanctions.

British Prime Minister Margaret Thatcher said in a BBC interview broadcast on Sunday that she believes the European Economic Community nations will eventually agree on some unspecified joint action. However, she said that action probably will not include economic sanctions.

EEC foreign ministers last week ordered a study of the impact import sanctions would have if member states stopped buying from the Soviets. Trade amounts to \$25 billion annually between the Soviet Union and the EEC.

Some Favor a Threat

Some countries favor using the threat of sanctions to win reforms in Poland rather than impose them now. They feel that in return for a continuing Western food aid and help in refinancing Poland's \$26 billion debt to Western creditors,

Poland should agree to drop martial law.

The proposals are to be discussed later in the week by the EEC representatives attending Monday's NATO session. Nine EEC countries are also in NATO.

West German Foreign Minister Hans-Dietrich Genscher said on West German television Sunday in Bonn that developments in Poland have "not taken a turn for the better but increasingly for the worse." He said he expects a "clear position" to be reached by the NATO ministers.

In Washington, officials said that despite some promises and gestures, there is no evidence that the Warsaw regime is moving to eliminate martial law, which was proclaimed on Dec. 13.

Message for Reagan

Philip Johnston, director of CARE, the humanitarian relief organization, flew home Saturday from Warsaw with a message for Mr. Reagan from Gen. Wojciech Jaruzelski, the Polish leader, containing a continuation of food shipments to the Polish people. Mr. Johnston, speaking to reporters in Paris, declined to give the precise substance of the message.

An earlier message from Gen.

Jaruzelski was sent to Washington through Francis J. Meehan, the U.S. ambassador to Poland. In the view of officials here, the message did not provide acceptable assurances from Gen. Jaruzelski that he will reverse his course on martial law.

Greece Objects

Before Mr. Haig left Washington Sunday for the NATO meeting and a visit later this week to Egypt and Israel, preliminary wording of the NATO document to be discussed today had been worked out with European allies through diplomatic contacts, according to State Department sources.

The two key objectives of the U.S. administration, said one policy-maker, are to increase the pressure on Moscow, which is believed to hold most of the cards in the

Bomb Damages El Al Office

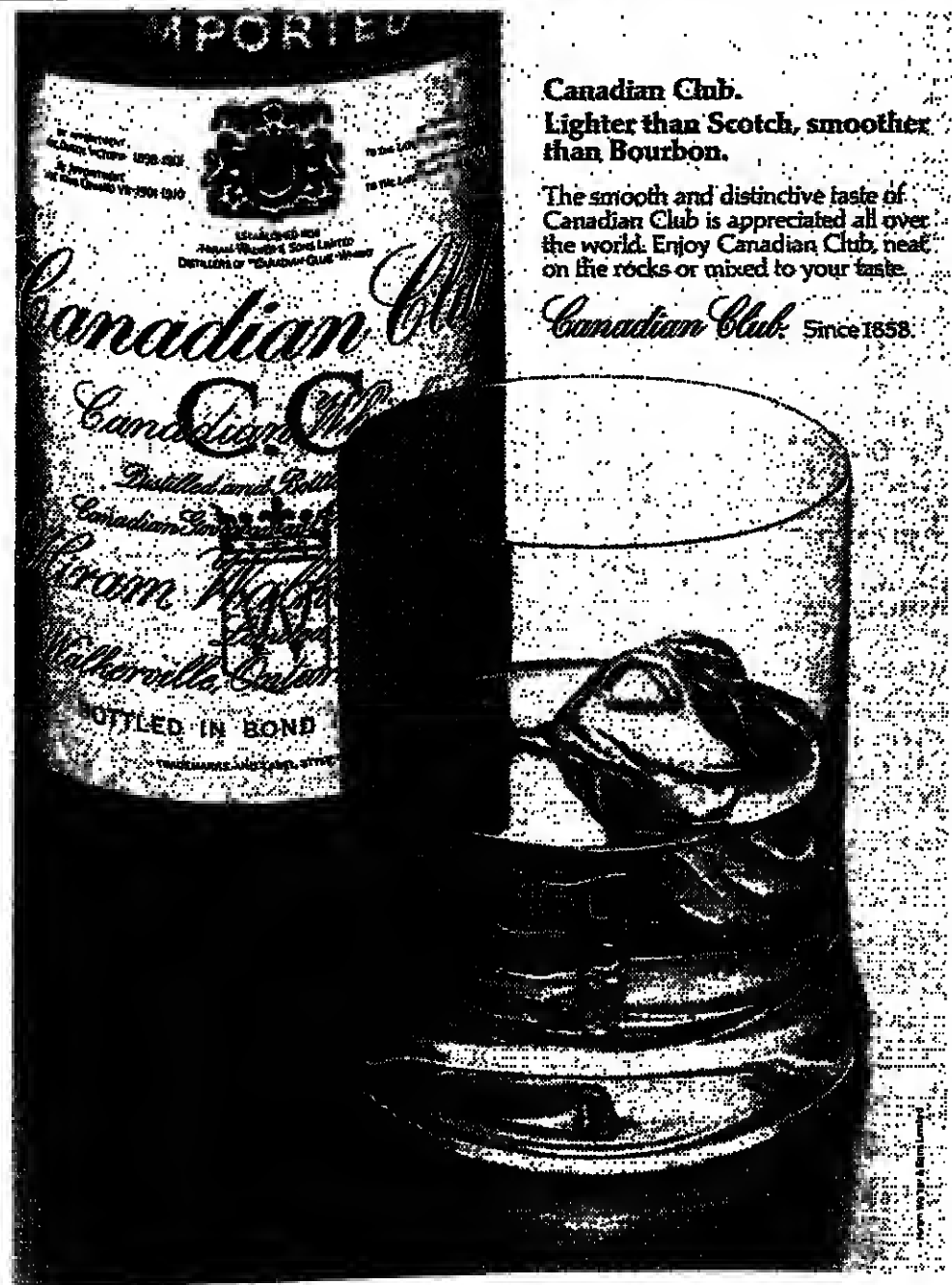
The Associated Press

ISTANBUL — An explosion Saturday night damaged the El Al Israel Airlines office on Cumhuriyet Avenue, witnesses said. No one was injured. The explosion also damaged a nearby Lufthansa office. No organization claimed responsibility.

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Prague Is Said to Plan Trial for Jailed Priest

United Press International

LONDON — A jailed 40-year-old Czechoslovak Roman Catholic priest is to be tried on Jan. 21 on charges of "damaging state interests abroad," according to Keston College, a private organization that monitors religious persecution in Eastern Europe.

Keston College said Saturday that the Rev. Frantisek Liza, a Jesuit priest in Czechoslovakia, had been in prison since July 27, when authorities found a letter to his sister in England in which he described difficult working conditions. On Sept. 29, Father Liza was sentenced to 20 months in prison for involvement in clandestine printing of religious literature between 1977 and 1979.

9 Die in Turkish Collision

The Associated Press

ISTANBUL — At least nine persons were killed early Sunday when an express train rumbled into a bus carrying workers to an industrial plant near Adana, in southern Turkey, the state-run radio reported. The engineer of the train was taken into custody, the radio said.

مكتبة المجلد

Reagan Advisers Unite Behind Tax Increase

Treasury Secretary's Shift Leaves President Alone at the Top on 'Supply Side'

By Steven R. Weisman

WASHINGTON — To those outside the White House, it looked last week as if the circle had closed around President Reagan.

Finally, his top advisers were unanimous in recommending that he present for 1983 a budget containing significant proposals for tax increases. Even the last holdout, Treasury Secretary Donald T. Regan — the only member of the inner circle who had been arguing in private that Mr. Reagan had been arguing in public, that new tax increases would drag the economy down — had switched. "I think," Mr. Regan announced, "there will be some new tax increases" in 1983 and 1984 beyond the \$22 billion package the president reluctantly accepted in September. There seemed to be no one left.

On Capitol Hill, Rep. Jack Kemp, the New York Republican for whom tax increases are anathema, assessed Mr. Regan's comment as a defection that did not mean that the battle was lost. Rep. Kemp said he had been promised one last chance this week to make the opposition case, and he sounded hopeful. "I have been assured that the deci-

sions are not locked in," he said, adding defiantly. "Douglas MacArthur once said that the councils of war breed timidity and defeatism. The forces of timidity and defeatism are having their hour, but I have hope the president will decide the right thing in the end."

Amid the battle for Mr.

NEWS ANALYSIS

Reagan's heart and mind, the most dramatic move of the week was the president's. He ordered his advisers to stop talking about the options they were presenting, and what he might decide. Mr. Reagan, his aides said, was tired of reading in the newspapers about the proposals on his desk.

Projections Revealed

The first leaks about the advice Mr. Reagan was getting came last month, when it was disclosed that the Office of Management and Budget was projecting federal deficits of \$152 billion for 1983 and \$162 billion for 1984 if nothing was done to cut spending further or increase tax revenue. At issue was a package administration aides now

would yield \$30 billion to \$35 billion in 1984 and bring the deficit in that year down to \$55 billion. This would be accomplished through a combination of increases on cigarettes, alcohol, tobacco and gasoline and increases in business taxes that would close loopholes in the administration's \$750 billion five-year tax reduction program, aides said.

The preliminary skirmish took the shape of an argument over economic projections. Opponents of new taxes accused budget director David A. Stockman of rigging the numbers to produce a pessimistic forecast to strengthen the case for more revenue. Mr. Regan, according to insiders, insisted that the deficit projections were exaggerated. To some, the argument shaped up over whether to raise taxes or to raise expectations on the economy. As reconstructed by administration officials, the turning point came when Mr. Regan and some of his aides became convinced that because the administration was predicting low money-supply growth there was actually very little room for an economic recovery robust enough to improve the deficit picture.

The advocates of tax increases

— including James A. Baker 3d, Edwin Meese 3d and Michael K. Deaver, the president's three top advisers — were described as certain that as long as Mr. Regan held out, there was no hope of convincing the president to abandon his own instincts. Mr. Regan's public comments last week signified a victory for them, even though they may have embarrassed the president.

The battle for Mr. Regan's vote was one side of the strategy of the tax-increase proponents. The other side was an exercise carried out in December, in which the president personally reviewed Mr. Stockman's proposals for deep spending cuts in the agencies. No one at the White House regarded the proposals as further slash-busting, environmental and energy programs as politically realistic.

Mr. Reagan took off for Camp David, Md., Friday afternoon with White House officials saying that he had made some preliminary decisions and left others open. The impression aides gave was that Mr. Reagan was finding it difficult to reject the unanimous advice of his own team, though he did want to leave room for talking to congressional Republicans.

U.S. Panelists Warn of New Arms Race

They Fear a Buildup Of Chemical Weapons

Washington Post Service

WASHINGTON — The United States is on the brink of a new arms race — a race to make and stockpile chemical weapons — according to government and academic panelists at the annual meeting of the American Association for the Advancement of Science.

After years of hopes that a treaty banning all chemical warfare could be worked out, the world "now finds itself on the threshold of a chemical arms race," said Arthur Westing, a professor of environmental science at Hampshire College near Boston.

"Yes, there is a real risk now of a chemical arms race," said Robert Mikulak, physical science officer with the U.S. Arms Control and Disarmament Agency.

Mr. Mikulak blamed the possible arms race on the Soviet Union, while Mr. Westing placed the responsibility largely on the United States.

Mr. Westing said the U.S. government wants to build and stockpile chemical weapons and has used propaganda to create a climate in which Congress would authorize building more and better ones out of fear that the Russians might be doing the same.

He cited the U.S. charges that the Soviet Union has waged chemical war in Afghanistan and that other forces have carried out chemical warfare with Soviet help in Laos and Cambodia.

Mr. Mikulak, however, said that what may trigger a chemical arms race is the failure of five years of U.S.-Soviet negotiations on a treaty. He said the major obstacle to that treaty was the Soviet Union's unwillingness to allow U.S. or neutral verification of its chemical war stocks.

Pentagon, CIA Seek to Stem Flow Of Scientific Details to Russians

By Philip M. Boffey

New York Times Service

WASHINGTON — U.S. defense and intelligence officials are urging that action be taken to stem the flow of unclassified scientific communication that could be of military value to the Soviet Union.

Frank C. Carlucci, deputy secretary of defense, recently warned the American Association for the Advancement of Science that "the Soviets exploit scientific exchanges as well as a variety of other means in a highly orchestrated, centrally directed effort aimed at gathering the technical information required to enhance their military posture."

In a letter published last week's issue of the association's journal, Science, he voiced concern over the disclosure of sensitive information through exchanges of scholars and students, joint conferences, publication of articles in the open scientific journals and the government's own depositories of technical data.

Mr. Carlucci said the exchange of information under bilateral agreement was often "one-sided," with the Soviet Union acquiring information from the United States but failing to provide data requested in return.

He also said the Russians were "misusing" an exchange program for young scholars. He said the United States was sending young students, mostly in the humanities, while the Soviet Union was sending senior technical people, some from military institutions.

Military Research

Mr. Carlucci said Soviet exchange scientists were often involved in applied military research. As an example, he cited the case of a Soviet scientist who studied "the technology of fuel-air explosives" at a leading U.S. university in 1976-77, under the tutelage of a professor who consulted on such devices for the Navy.

He said the Russian also ordered numerous documents pertaining to fuel-air explosives from

the National Technical Information Service, an unclassified technical depository operated by the Commerce Department. Then, Mr. Carlucci said, "he returned to his work in the U.S.S.R., developing fuel-air explosive weapons."

Mr. Carlucci offered no suggestions on what should be done, and his office said he did not wish to amplify his letter. In the letter, he said that the Defense Department "views with alarm" such "blatant and persistent attempts" to siphon away militarily useful information and believes it is "possible to inhibit this flow without infringing upon legitimate scientific discourse."

Adm. Bobby R. Inman, deputy director of the CIA, went a step further in a speech last week to the science association's annual meeting in Washington.

He suggested that a voluntary system might be needed in which national security agencies could have some voice in reviewing research proposals before funds were provided and in examining research results before they were published. He expressed particular

concern over "computer hardware and software, other electronic gear and techniques, lasers, crop projections, and manufacturing procedures."

Under one voluntary experiment, academic mathematicians agreed to submit papers related to cryptography to the National Security Agency for review before publication. Adm. Inman believes a similar system could be used in other research areas.

Adm. Inman later said in a telephone interview he was expressing a personal opinion, and not the CIA's views.

William D. Carey, executive officer of the science association, called the statements by Mr. Carlucci and Adm. Inman "a matter of very serious concern." He said: "The statements reflect intentions and I don't take it lightly. We will not let the matter rest."

He said that Mr. Carlucci's "letter focused mainly on half a dozen bad cases, including some exchanges that were so one-sided" and that "he barely touched on the problems of the open literature and international conferences."

U.S. Border and Airline Alert Ordered Pending Court Action on Soviet Boy

The Associated Press

WASHINGTON — U.S. border authorities and airlines have been ordered by the Justice Department to ensure that 14-year-old Walter Polowchak remains in the country while the courts decide the future of the Ukrainian teen-ager.

Art Brill, a department spokesman, said on Friday that Attorney General William French Smith had ordered the department to control "at least in part because of fear that an attempt may be made to remove him involuntarily."

The Illinois Court of Appeals ruled on Dec. 30 that a lower state court had acted improperly when it placed Walter in state custody after the boy's parents, Michael

and Anna Polowchak, left the United States and returned to the Soviet Union.

Attorneys for Walter, who says he wants to become a U.S. citizen, say the appellate ruling left him in jeopardy of being "taken by Soviet representatives" and returned to the Soviet Union. The attorneys have indicated that they will ask the Illinois Supreme Court to review the appellate decision.

The Justice Department order means that Walter, living with court-appointed Ukrainian foster parents in Chicago, can remain in the United States until all "legal avenues and appeals have been finalized," said Rep. Peter A. Peyser, a New York Democrat.

New UN Chief Favors Brezhnev-Reagan Talks

By Bernard D. Nossiter

New York Times Service

UNITED NATIONS — Secretary-General Javier Pérez de Cuellar says he believes a meeting between President Reagan and Leonid I. Brezhnev, the Soviet leader, would ease tensions in the world.

In his first interview since assuming the leadership of the United Nations, Mr. Pérez de Cuellar said: "Confrontation is more or less present. That's why a dialogue between Reagan and Brezhnev is so necessary. It would project a shadow on all international problems."

A hopeful sign, he said, is that the main countries understand that tension doesn't exclude dialogue, that because of tension dialogue is needed, dialogue is the beginning of a negotiating process.

The secretary-general was alluding to remarks last week by Secretary of State Alexander M. Haig Jr., who said that Mr. Reagan believed that communication between governments is vital in times of crisis. Mr. Brezhnev first proposed a summit meeting last March in his first letter to Mr. Reagan.

'Create an Atmosphere'

"The problem we have to face is how to generate again détente, create an atmosphere that would lead to a peaceful solution of problems," Mr. Pérez de Cuellar said.

The secretary-general warned, however, against U.S. plans to bring the Polish crisis before the United Nations as a case of violation of human rights. He noted that the UN Charter prohibits intervention in the internal affairs of member states and said, "I don't think so far there is any evidence

of external interference in the Polish question."

This view is not shared by Mr. Reagan. In a joint statement last week with Chancellor Helmut Schmidt of West Germany, the president "noted the responsibility of the Soviet Union for developments in Poland and expressed serious concern about the serious pressure it is bringing to bear against Polish efforts for renewal."

Mr. Pérez de Cuellar said, "The United Nations should be very careful not to set precedents in any dealing with this question which could be used against other countries."

The secretary-general made clear, however, that he was sensi-

tive to the question of human rights, which he called "a moral issue that exceeds the charter."

"I am personally concerned," he said. "I hope this question will be solved with due respect to the rights of the Polish people."

On world tensions generally, Mr. Pérez de Cuellar was reluctant to single out any area as most dangerous, but he said: "The problem that needs our most concern is the Middle East. At some stage, the United Nations must be present for a final political solution."

He rejected, however, the Arab view that the Camp David accords between Egypt and Israel were undermining the road to peace. His view, he said, "does not mean

I don't respect all other efforts — the United Nations must be respectful of efforts by member countries."

If he has a single goal for his term in office, he said, it is to provide the independence of South-West Africa, the territory that is controlled by South Africa and that is also known as Namibia. "I can't forget I come from the Third World," Mr. Pérez de Cuellar said. "I have to give priorities. I've committed myself to solve this problem as soon as possible."

Schmidt Urges Soviet-U.S. Summit, Says Kremlin Underestimates Reagan

From Agency Dispatches

WASHINGTON — West German Chancellor Helmut Schmidt called in a U.S. television interview Sunday for a summit meeting between President Reagan and the Soviet leader, Leonid I. Brezhnev, to show the Russians that they are dangerously underestimating "the guts that are behind the American president."

"They underestimate you [Americans], and this is the great danger. It can lead to miscalculations which might spell danger for all of us, for you as well as for us in West Europe, as well as for them," Mr. Schmidt said.

"I think it would be good if some time in the future there would be a meeting between Presidents Reagan and Brezhnev in order to make the Soviet leader understand the guts that are behind the American president," Mr. Schmidt said.

The West German leader also declared that, far from dragging his feet, he had placed the blame on the Kremlin from an early stage for the crisis in Poland.

"Except for President Reagan, I am the only one who has sent a letter to Brezhnev ... about this very sad and dramatic Polish event in December because I thought that the Soviets were more responsible for what happened in Poland than the Poles themselves," he said. "And I wanted to make clear, for the public and also for the addresses in Moscow, that we thought Moscow had a hand in it."

Polish Defections, Formerly Rare, Rise With Coming of Martial Law

By Jeff Bradley

The Associated Press

LONDON — The defection of the Polish ambassadors to Washington and Tokyo after the martial law crackdown in Poland makes them a rarity among Eastern bloc spies.

In the past 20 years, the most famous defectors from behind the Iron Curtain have been Russians such as the ballet stars Rudolf Nureyev and Mikhail Baryshnikov and the chess grandmaster Viktor Korchnoi.

Others who have chosen exile include prominent Czechoslovaks who fled after the 1968 Soviet-led invasion of their country, and dissenters from Hungary, Romania and East Germany.

But few have sought political exile from Poland, a strongly nationalistic country despite its history of changing alliances between the East and West.

"The prominent nonconformists in Poland were all in Solidarity [the free trade union] and didn't want to escape because there was no reason for them to," said a prominent member of the Polish émigré community in London, who asked to remain anonymous. "Solidarity was a cause for optimism."

Of those who did leave in the months before the Dec. 13 military crackdown, some feared Solidarity's days were numbered and the Russians were certain to move in. But many Poles arrived in Austria and West Germany simply to escape the economic hardships that led to the Polish crisis.

Refugees Doubled

The number of Poles applying for political asylum or an extension of their residency permits in West Berlin doubled to more than 750 in December, according to West Berlin police.

The two Polish ambassadors said they defected because of martial law and the prospect of Polish troops suppressing their own people.

Romuald Spasowski, 61, Poland's ambassador to the United States, made his decision Dec. 20, saying: "The cruel night of darkness and silence has spread over my country."

Two days later, Zdzislaw Ruzarski, 51, the Polish ambassador to Japan, also defected and sought asylum in the United States.

More than 80 Polish sailors sought permission to stay in Canada, and hundreds of Polish travelers around the world likewise asked for asylum.

For a Nureyev or Alexander I. Solzhenitsyn, the Nobel Prize laureate in literature who was expelled from the Soviet Union in 1974, exile has brought new forms of popularity.

But what about the less illustrious — what is exile like for them? Many feel, like Mr. Solzhenitsyn, that the West is too lax.

Westerners Judged 'Soft'

Paul Goma, 46, a Romanian refugee and writer who has lived in Paris since 1977 after spending eight years imprisoned in his own country, said Westerners were too softened by prosperity to recognize the Communist threat. The constraints he faced "stimulated" him to fight while in Romania.

"I wrote five novels in three years there, and two in four years here. In Romania I wrote in anger," Mr. Goma said.

Vladimir K. Bukovsky, a Soviet dissident who was freed in 1976 in exchange for Luis Corvalan, the Chilean Communist Party leader, and is now a biology student in England, is reluctant to diagnose terminal illness for the Western democracies.

He said, "I've found that this system is much more stable than it appears. It is not so easily deceived."

Wlodek Brus, a fellow of Wolfson College, Oxford, and one of the world's top experts on Eastern Europe's economy, was allowed to leave Poland in 1972.

In an interview, Mr. Brus, 61, said he was "shocked" by events in Poland. "I'm concerned about the future of my country and prospects for my friends," he said.

Ironically, in the relaxed atmosphere earlier this year, the University of Warsaw sought permission from the Polish government to recall Mr. Brus.

"The matter was quite far advanced," he said, although he had not decided whether to accept. He was ambivalent about his achievements in exile.

Critical of West

"I have had very good, uninhibited conditions for academic work. But on the other hand, I'm very far away from my actual subject of study — Eastern Europe —

so there has been one plus and one minus," he said.

Jan Kavan, a defector from Czechoslovakia 11 years ago, runs the Palach Press, a dissident information service in London. Most Eastern bloc defectors are critical of the West, he said.

"Many have great illusions about the West in terms of how free and democratic it is and what it is doing against the totalitarian regimes of the East," he said. "Every time there is a question of economic sanctions, whether over Afghanistan or over Poland, the West looks for the easy option that won't harm its trade relationship with the East but will satisfy public opinion."

Despite these complaints, most defectors do not want to go home, Mr. Kavan said.

Many become experts in the West on Communism. Zdenek Mlynar, former member of the Presidium of the Central Committee of the Czechoslovak Communist Party, was the highest-ranking Communist official ever to defect from any country when he fled to Austria in 1978. An original signatory of the Charter 77 document calling for human rights reform, Mr. Mlynar is now an adviser to the Austrian government and several academic institutions.

Former Czechoslovak Vice Premier Ota Sil, architect of the economic reform that preceded the Soviet crackdown there, was vacationing in Yugoslavia when Warsaw Pact troops marched into Czechoslovakia on Aug. 20, 1968. His family was allowed to join him in exile after several years, and he is now an economics professor at St. Gall University in Switzerland.

But the lives of defectors are often scarred by the thought of family members left behind. Mr. Nureyev, who lives in London, has been trying for 17 years to get his mother out of the Soviet Union.

Mr. Korchnoi, who defected in 1976 and now lives in Wohlen, Switzerland, has still not been joined by his wife and son despite many appeals to Soviet authorities.

Valentin Agapov, 46, a sailor who jumped a Soviet merchant ship in Sweden in 1974, has petitioned world leaders for support in his bid to have his wife, daughter and mother join him in Stockholm.

"This is not living, only struggling," he said recently. "Every day I think of my family."

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Reagan, Who Backed Puerto Rican Statehood In 1980, Is Expected to Call for a Referendum

By Irvin Molotsky

New York Times Service

WASHINGTON — President Reagan plans to make a major statement Tuesday on Puerto Rico, and indications are that he will endorse an islandwide referendum on its status. Mr. Reagan has said in the past that he favors statehood for the commonwealth.

Mr. Reagan is to make his statement after meeting at the White House with four Puerto Rican political leaders, all of whom favor statehood. They are Gov. Carlos

Romero Barceló, San Juan Mayor Herman Padilla, former Gov. Luis A. Ferré, and the island's commissioner, Baltasar Corrada.

David R. Gergen, the White House communications director, confirmed Saturday that the meeting would be held Tuesday but declined to discuss what the president might say afterward.

Past Endorsement

Mr. Gergen said, however, that in the past Mr. Reagan had endorsed self-determination for Puerto Rico and that he had not

sought to impose his own preference for statehood on residents of the island.

News of the impending meeting and announcement came from Sen. Alfonse M. D'Amato of New York, who met with the pro-statehood political leaders recently while vacationing in Puerto Rico. Sen. D'Amato, a Republican, also favors statehood for the island.

When reached by telephone, Sen. D'Amato said of the forthcoming statement by Mr. Reagan: "All those I have met have given

me to believe that it would be for statehood."

Mr. Gergen would not go that far, referring instead to Mr. Reagan's previous statements.

Campaign Statement

Two years ago, in an editorial page article in *The Wall Street Journal*, Mr. Reagan said: "When I formally announced my intention to seek the Republican presidential nomination in 1980, my televised speech to the nation included a commitment to not only support statehood for Puerto Rico if the people of the island commonly desire statehood. It also included a commitment that, as president, I would initiate statehood legislation, which really means that I would take the lead in persuading the people of Puerto Rico — the mainland United States — all American citizens — that statehood will be good for all of us."

Puerto Rico was ceded in 1898 to the United States by Spain following the Spanish-American War.

Voting Rights

Puerto Ricans do not vote in the U.S. presidential or congressional elections, but those who move to the mainland may do so, subject to local electoral laws.

Since citizens of Puerto Rico (the 1980 census put their number at 3,187,570) are not represented with a vote in the federal Congress, they are, however, subject to substantial commonwealth taxes.

Mr. Reagan said in 1980: "As a commonwealth, Puerto Rico is not neither a state nor independent, and thereby has a historically unnatural status. There is this raw nerve to rub, and our Marxist-Leninist competitors rub it."

As the 51st state, Mr. Reagan said, Puerto Rico would be "a positive bridgehead into the Caribbean, Latin America and the developing world."

A possible hurdle to statehood, Sen. D'Amato noted, is that the Puerto Rican legislature is controlled by anti-statehood forces.

Brunei Hardens Drug Law

Reuters

BANDAR SERI BEGAWAN, Brunei — The British protectorate of Brunei has introduced the death penalty for drug trafficking, bringing it into line with neighboring Malaysia and Singapore.

2 of Reagan's Helicopter Guards Accused of Disclosing Itinerary

By Bill Prochnau

Washington Post Service

WASHINGTON — Members of the elite Marine Corps squadron that guards presidential helicopters have accused two top noncommissioned officers of disclosing sensitive information and displaying the president's helicopter itinerary in a Mexican bar just before President Reagan's October visit to the Cancun summit conference.

The allegations have caused an uproar within the Marine unit and apparently severe morale problems. Some of the handpicked guards have formed secret groups in an attempt to find a way to deal with the situation.

Both the White House military office and the commanding officer of the helicopter unit, known as HMX-1, say they have investigated the incident and that they believe no serious classified information was jeopardized.

But several noncommissioned Marine guards, including one eyewitness who spoke on the record in an interview, accused middle-ranking officers and noncommissioned officers of covering up the magnitude of the incident. They say they find that surprising, particularly in view of the recent emphasis on presidential security.

The witness, Cpl. Thomas Arnold, said he and two other security guards observed the sergeants displaying the helicopter itinerary and talking about presidential arrival times and code names for the helicopter while drinking with two American tourists.

Cpl. Arnold said the incident oc-

curred at 1:30 a.m. Oct. 19 in Crip's Disco on Cozumel, an island off the east coast of the Yucatan Peninsula where the Marines were stationed until the president's arrival. Cpl. Arnold said the sergeants were drinking heavily and talking with the two women, a Tulsa travel agent and her sister, in a booth off the dance floor.

The alleged incident occurred shortly after the assassination of Egyptian President Anwar Sadat and shortly before reports began surfacing that a Libyan assassination team had been assigned to kill Mr. Reagan — a time when extraordinary measures were being taken to provide for Mr. Reagan's security.

The two sergeants were identified as Staff Sgt. Leo Kovalik, the noncommissioned officer in charge of security for the Cancun visit, and Sgt. William D. Roop. Neither Sgt. Kovalik nor Sgt. Roop was available for comment.

Lt. Col. Paul S. Johnston, commanding officer of HMX-1, said the two sergeants were reprimanded after an investigation by Marine security officers and the White House military office. Col. Johnston said Sgt. Kovalik and Sgt. Roop "should not have done it" but that the investigations revealed no serious security violations.

A White House spokesman also confirmed that an investigation had been conducted, with the conclusion that no classified information had been revealed.

Members of the unit, however, contend that the investigation and

the reprimands were farces. The reprimands, they said, called for Sgt. Kovalik and Sgt. Roop to lead "classes once a week on how to handle sensitive material."

Since that time, Cpl. Arnold said, only one class has been held. Cpl. Arnold said that about 40 members of the security unit attended the class, at which Sgt. Kovalik apologized to the group but said he and Sgt. Roop were discussing guard schedules, not itineraries, in the bar.

There are no indications that the two women were anything but tourists or that the president's security was put at risk. Attempts to reach the women in Tulsa have been unsuccessful.

The incident clearly has caused a tempest within the elite Marine unit. At least a dozen members of the unit are up in arms over the incident. They have written letters to at least four members of Congress, including Sens. John H. Glenn Jr. of Ohio, and Claiborne Pell of Rhode Island, both Democrats, and to the sergeant major of the Marine Corps.

Part of the animosity and dissonance among the Marine guards apparently springs from what they consider inconsistency in punishment for rule infractions.

"We've had guys written up for not shining the brass on their ammo pads or because their boots weren't shiny enough," Cpl. Arnold said. "And these guys go out and do this, which is like, this is our mission, this is the complete high, this is the itinerary, this is the president."



Salvadoran soldiers arriving at a U.S. Air Force base in North Carolina en route to training at Fort Bragg.

Salvadoran Troops Arrive in U.S. for Infantry Training

United Press International

POPE AIR FORCE BASE, N.C. — The first contingent of a 1,000-man Salvadoran battalion has arrived for advanced infantry training at the U.S. Army's Green Beret unit at Fort Bragg.

The 60 soldiers constitute the lead group to be trained at the

John F. Kennedy Center for Military Assistance, the Army's Green Beret headquarters. The rest of the battalion will arrive next month.

A Pentagon spokesman said the Salvadoran soldiers will not be trained in guerrilla warfare and counterinsurgency.

"These troops will receive the

same advanced infantry tactics training a U.S. soldier would receive in basic training," said Col. Edward Richards, commander of the 7th special forces group at Fort Bragg. "We will not give them special forces training."

Col. Richards said the 26 officers and 34 noncommissioned officers who arrived Saturday

later will help Army instructors train the rest of the Salvadoran battalion. The training effort will be the first time an entire foreign infantry battalion will be trained at Fort Bragg, he said.

In addition, about 600 Salvadoran officer candidates will be trained at Fort Benning, Ga., starting about Jan. 25, Defense Department officials have said.

Brandt Quoted as Assailing Reagan Economics

The Associated Press

KUWAIT — Willy Brandt, leader of the West German Social Democratic Party, has warned of catastrophic consequences for developing nations if the United States does not abandon its rigorous economic policies, according to an interview published in the Kuwaiti daily *Al-Watan*.

Mr. Brandt, in Kuwait to preside over a meeting of his international commission on North-South relations, also warned against going ahead with large armament programs at a time when a fraction of world armament expenditures could solve the development problems of Third World countries, the paper said.

"I believe, and a number of my colleagues in the commission share this opinion, that the United States has two alternatives — either effect a radical change in its present economic policies during the coming two years or face a semicatatrophe," the paper quoted Mr. Brandt as saying.

Mr. Brandt did not elaborate, but observers said he was referring to the Reagan administration's foreign-aid policies, its direction of world bodies in charge of international financing, such as the World Bank, and its strict pursuance of a

free-market economy with adverse effects on the economies of developing nations and the world economy as a whole.

In the case of British policies, Mr. Brandt was quoted as having said that the consequences will be less dramatic because Britain does not bear the same weight in global economies, "though my expectations apply in principle to British economic policies as well."

Striking Ford Workers Accept Offer in Britain

Reuters

BIRMINGHAM, England — Workers unofficially on strike at the Ford automobile plant here voted Sunday to accept the company's offer of a 7.4-percent pay increase together with a shorter working week and improved pensions, thus falling in line with 23 other plants in the country.

Ford's Halewood plant in Birmingham employs 10,000 people, making it the second largest in Britain. Its workers voted to return to work starting Monday after a six-day unofficial strike that cost the company £16 million (\$30 million) in lost production.

According to the newspaper, Mr. Brandt said that the North-South conference last October in Cancun, Mexico, did not achieve real success. "Though the meeting was good as an event in itself, the results were scant," he was quoted as saying.

In contrast, he was said to have called the Kuwait meeting "one of the most successful meetings held so far by the commission."

"We reviewed the most urgent problems facing the world, particularly the development of agriculture, financing, and the soaring armament expenditures, which last year reached \$560 billion in a world suffering from various economic mishaps," Mr. Brandt reportedly said. "If only a fraction of that amount were allocated for solving economic problems, we could have achieved marvelous results."

Mr. Brandt, a former chancellor of West Germany, said his commission faced a twofold task, the newspaper reported — to work out short-term steps for alleviating the plight of developing nations as well as long-term remedies for "this mad world economic order, where large parts of the world suffer from severe need while other parts possess unused resources."

"If we want to ensure develop-

ment for two parties, developed and developing countries, without the West resorting to its obsolete imperialist criteria, the industrialized nations must know that the sole way for overcoming stagnation is through economic recovery of developing countries," he was quoted as saying. "This is the solution for the world's economic problem. Industrialized nations should be more aware of this than anyone else because traditional marginal solutions no longer solve their problems."

Egypt to Free 81 Held in Crackdown

The Associated Press

CAIRO — The prosecutor general has ordered the release of 81 more religious fundamentalists, journalists, academics and politicians arrested last September in President Anwar Sadat's crackdown on religious extremists, the official Middle East News Agency has reported.

The release order, made Saturday, leaves 1,368 persons still in detention of the 1,536 arrested in the September crackdown. According to police sources, most of those released were "Islamic elements."

The International Herald Tribune invites you to

MEET THE NEW FRENCH ADMINISTRATION

February 8 and 9, 1982 in Paris

The election of François Mitterrand and the subsequent Socialist victory in the French parliamentary elections clearly mark an important turning point for the French economy.

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The program will include presentations by Jacques Delors, Finance Minister; Michel Jobert, Minister of Foreign Trade; Michel Rocard, Minister of Planning and Regional Development; Nicole Questiaux, Minister of Social Policy; Pierre Dreyfus, Minister of Industry; Jean Auroux, Minister of Labour; André Chadenagor, Minister delegated to the Minister of Foreign Affairs, in charge of European Affairs; and Laurent Fabius, Minister delegated to the Finance Minister, in charge of the Budget, as well as Jacques Attali, Special Counsellor to the President; Bernard Attali, President of D.A.T.A.R., the French government's regional development agency; Christian Goux, Chairman of the Economic and Finance Committee of the National Assembly, and other senior government officials.

Additional insights on various aspects of doing business in France will be provided by André Bergeron, Secretary General of the "Force Ouvrière" trade union, by a panel of international bankers and by a panel of industrialists. The former will include Hervé de Carmoy, General Manager of the Midland Bank Ltd.; Jean Deflassieux, Director of International Affairs, Crédit Lyonnais, and Edouard Velten, Advisor to the Board of Executive Directors, Bayerische Vereinsbank. The industrialists' panel, to be chaired by David McGovern, President of the American Chamber of Commerce in France, will include: Rudolph Boniface, Chairman of Ford France; Jean Gandois, Chairman of Rhône-Poulenc; Jean-Luc Lagardère, Chairman of Matra; Bernard Lathière, President of Airbus Industries, and Yves Ragougnon, President of Sony France.

Each presentation will be followed by a question and answer period, and simultaneous French-English translation will be provided at all times.

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Fees are payable in advance of the conference.
Fees will be returned in full for any cancellation that is postmarked on or before January 22. After that date a cancellation fee of F.F. 1,000 will be incurred. Cancellations received by the organizers less than 5 days before the conference will be charged the full fee.

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مكتبة الامم المتحدة

U.S. Aides Say China Won't Affect Decision on Sale of Jets to Taiwan

By Richard Halloran

New York Times Service

WASHINGTON — The Reagan administration, in its discussions on the possible sale of fighter planes to Taiwan, will not be deterred by Chinese protests against last month's decision to sell spare military parts to Taiwan, according to senior administration officials.

"The president will not be intimidated by the Chinese reaction," said one official. "But he is also not insensitive to the Chinese."

The officials said that no decision had been made on whether to make the sale or on which fighter plane Taiwan might be permitted to buy, but they indicated that the F-5G Tigerhawk, made by Northrop, was the leading candidate. Taiwan already builds the Northrop F-5E under license.

Chinese diplomats in Washington reiterated Peking's dismay at the prospect of continued U.S. arms sales to Taiwan and suggested that diplomatic relations between Washington and Peking would be reduced if the sale went through.

Rough Seas Ahead

They also said that an evolving military relationship between the United States and China would be halted. "The only ones who will be happy about that will be the Russians," one Chinese diplomat said. The administration has been prepared to sell China large quantities of conventional arms.

Administration officials acknowledged that relations with China were heading for difficulty but said that in the event they decided to sell the jets to Taiwan, it would be better to have the decision announced, ride out the storm and then try to resume the military relationship later.

The latest episode in the continuing dispute between Washington and Peking over the sale of arms to Taiwan began last month when the State Department notified Congress that the administration planned to sell an estimated \$97 million worth of military spare parts to Taiwan.

Peking immediately protested

Beirut Clashes Resume; A Militiaman Is Killed

The Associated Press

BEIRUT — One militiaman was killed in renewed fighting between two rival Lebanese militias in Moslem West Beirut, a police spokesman said Sunday. The clash followed a two-day lull in battles that claimed 15 lives last week.

Meanwhile, a bomb exploded in a Beirut bank, causing minor damage but no casualties, the spokesman said.

vigorously. Chinese diplomats in Washington said that their government was upset because it had not been consulted and because the sale indicated that the United States intended to treat the Nationalist regime on Taiwan as a separate nation with a sovereign government.

The diplomats asserted that the sale violated understandings reached with the United States

4 Die in Thailand Clash Of Communist Factions

Reuters

NARATHIWAT, Thailand — Four Communist guerrillas have been killed in a clash between factions of the outlawed Communist Party of Malaysia near the Thai-Malaysian border, Thai Army sources said.

The clash occurred about a week ago and was the most serious of several recent skirmishes between the regular party and its breakaway Marxist-Leninist faction, the sources said Saturday. They said Thai security forces had recovered the bodies of four members of the Marxist-Leninist faction.

Turks Say Unknown Accomplices Aided Man Who Attacked Pope

By Marvin Howe

New York Times Service

ANKARA — High ranking Turkish officials are convinced that Mehmet Ali Agca, the man who shot Pope John Paul II, did not act alone, but they have not been able to identify any of his accomplices.

A source close to the ruling military leadership said this week, "Agca was a very strong tool but not the brains. He had money and he had companions."

At the same time, the chief of Turkish security, Fahri Gorgulu, described as "not accurate" recent reports from Rome indicating that Turkish authorities had identified a man photographed standing near Mr. Agca at the time of the shooting May 13 as a wanted Turk named Omer Ay.

Mr. Ay, 29, wanted in connection with rightist terrorist activity, is believed to have helped Mr. Agca obtain the false passport found on him when he was arrested at the Vatican.

Investigation Resumed

Mr. Agca was sentenced to life imprisonment by an Italian court for attempted murder of the pope. But the prosecution has resumed its investigation because of public

when President Richard M. Nixon visited China in 1972 and when President Jimmy Carter established diplomatic relations with China in 1979. In the Chinese view, the United States has recognized that Taiwan is part of China and therefore sales of arms over Peking's objections were a violation of China's sovereignty.

U.S. officials, however, contend that the United States had no obligation to consult with Peking on routine matters such as the sale of spare parts to Taiwan.

The Taiwan Relations Act of 1979, adopted to govern the unofficial relations between the United States and Taiwan, says that "the United States will make available" equipment and services to enable Taiwan "to maintain a sufficient self-defense capability."

Chinese diplomats in Washington declined to specify what their government would do if the administration decided to sell fighter planes to Taiwan. But they pointed to Peking's disapproval of the recent sale of two submarines by the Netherlands to Taiwan, after which Peking downgraded diplomatic relations with the Dutch to a secondary level.



A wounded Iranian soldier is evacuated from a battle site near Ilam, Iran, to a hospital away from the fighting. The photograph was taken last month and brought from Iran on Saturday.

Khomeini's Brother Wounded in Tehran

Reuters

LONDON — The brother of President Ali Khomeini of Iran was shot and wounded Sunday in Tehran, Iranian radio reported.

The radio said that Mohammed Khomeini, a deputy in the Iranian

parliament, was not seriously wounded, but that his two bodyguards were killed.

Tehran evening newspapers said he was traveling by car to the parliament in central Tehran Sunday morning when gunmen fired from a building site.

Mr. Khomeini was hit in the arm, the papers said. Mohammed Khomeini is a hojatoleslam, a Moslem clergyman, as is the president.

The assassination attempt was the latest in a series of attacks against Iranian parliamentarians in recent months.

Tehran radio blamed "American agents" for Sunday's attack. This is generally a reference to leftist Moslem Mujahidin guerrillas who the fundamentalist government claims are supported by the United States.

Dozens of deputies have been killed over the past eight months, including more than 20 in one bomb blast last June.

President Khomeini was wounded by a bobby-trapped tape recorder last June as he addressed worshippers in a Mosque.

The last deputy killed was Mohammed Taki Behsharati, from the province of Isfahan, who was shot and killed Dec. 28 in Tehran.

Madagascar President Plans to Hold Election

Reuters

ANTANANARIVO, Madagascar — President Didier Ratsiraka of Madagascar said Sunday he would seek a further seven-year mandate in presidential elections planned for later this year. He did not announce a date for the elections.

Mr. Ratsiraka, who took power in a military coup in May, 1975, said he would also make changes in his Cabinet soon.

New Malaysia Leader Presses Drive For Unity and Industrialization

By Pamela G. Hollie

New York Times Service

SINGAPORE — The New Year arrived early on the Malay Peninsula this year. At 11:30 p.m. on New Year's Eve all clocks were moved forward to midnight.

For the country, which was divided into two time zones, one for nine states of West Malaysia on the peninsula and the other, 30 minutes later, for East Malaysia on the island of Borneo, the change was a symbol of the unity the new Malaysian government hopes to forge between the timber- and mineral-rich eastern states and the more industrialized western states.

Since taking office in July, Prime Minister Mahathir bin Mohamad has made it clear that Malaysia will operate on new standards. Copying the style of Prime Minister Lee Kuan Yew of Singapore, Mr. Mahathir has cracked down on everything from corporate corruption to tardiness. Determined to do what previous governments have been unable to do, Mr. Mahathir has pledged to shape Malaysia into a unified and industrial nation.

Although limiting the country in one time zone will not in itself bring unity between the peninsular states and the two fiercely independent states of East Malaysia, the efforts to eliminate old barriers "shows we are mature as a country," said Ong Kue Hui, the federal minister of science, technology and environment.

Independent Stands

Two of the richest of the Malaysian states, Sabah and Sarawak on Borneo, have been acting as if they were independent countries, regulating immigration, requiring Malaysians to show passports upon entry and requiring them to obtain state permits to work there. In addition, travel of certain mainland politicians has been restricted to prevent interference in local politics.

The Malaysian government said it intended to remove barriers to travel within the country, and the eastern states have indicated that they might go along with that but have balked at giving up control of immigration.

Malaysia is particularly interested in wooing Sabah because of its timber and oil. Considered the economic engine of Malaysia, Sabah has over looked to the mainland for support. Instead, Sabah, after realizing that its forests were being destroyed by overproduction and that its mineral revenue was leaving the state, has tried to control the exploitation of its resources tightly.

Although the government's interest in Sabah is primarily economic, it is generally believed that Mr. Mahathir's government would like to have more control over

events in Sabah, particularly when those events affect Malaysia's relations with the Philippines.

The Philippines still claims Sabah as part of its territory. On a visit to the Philippines in early December, Mr. Mahathir discussed the claim with President Ferdinand E. Marcos, who has said that he wants to resolve the issue. When challenged a few weeks ago by an opposition politician, Mr. Marcos said Sabah was a security

issue and could not be debated publicly.

The Philippines believes that Sabah is being used as a training base for Moslem rebels. Malaysia has not acknowledged the presence of any training bases but the government is concerned about the nearly 150,000 Filipino refugees in Sabah as a result of the fighting in the southern Philippines between the government and Moslem separatists.

Malaysian Minister Killed in Plane Crash

From Agency Dispatches

KUALA LUMPUR, Malaysia — Foreign Minister Tan Sri Ghazali bin Shafie was killed Sunday when a light aircraft he was piloting crashed into mountainous jungle, police said. His two passengers also were killed.

Police officials said the wreckage of the six-seater Cessna had been found near Janda Baik, about 20 miles (32 kilometers) north of the capital. The plane left Kuala Lumpur Sunday morning on a flight to Mr. Ghazali's home constituency of Kuala Lipis in Penang state. Mr. Ghazali's passengers were his flying instructor, Chako Verghese, and his bodyguard, police said.

Mr. Ghazali was the longest serving minister in the Malaysian Cabinet and was home affairs minister for nine years before being named foreign minister in July. He was the president of the Royal Selangor flying club and a capable pilot.

Government sources said the plane plunged into the jungle about 12 minutes after takeoff. A search was begun when the plane did not reach Kuala Lipis, about 100 miles (160 kilometers) from the capital, on schedule. The wreckage was spotted by a helicopter pilot after nine hours.

As home affairs minister, Mr.

Spanish Basque Area Urges Saving Electricity

Reuters

SAN SEBASTIAN — Authorities in the Basque province of Guipuzcoa have asked the public to cut down on electricity consumption because of bomb attacks on power facilities.

The provincial government warned Saturday night that part of the power system was in danger of being overloaded and could lead to mandatory restrictions. The Basque separatist organization ETA has bombed scores of power facilities in recent months in protest against a nuclear plant under construction near Bilbao.

Ghazali played an important role in security operations against Communist guerrillas after the government put down an insurgency in the 1950s. He was also one of the leading figures in Malaysia's confrontation with Indonesia from 1963 to 1965 and later during the formation of the Association of South-East Asian Nations in 1967.

He left the civil service in 1970 to become minister for special functions. He was a member of the National Operations Council, which ruled the country for two years after the bloody Malay-Chinese race riots in 1969.

He later became minister of information before moving to the Home Affairs Ministry.

Spanish Families Receive No Word From Kidnappers

The Associated Press

MADRID — The families of two kidnapped men, the father of a Spanish singer and a German-born industrialist, both said Sunday that they had received no word from the abductors.

Dr. Julio Iglesias Puga has been missing since Dec. 29 and the industrialist, Josef Lipperheide, since last Tuesday. Dr. Iglesias, 66, a gynecologist, was last seen leaving his Madrid clinic accompanied by two men. No word has been received from the kidnappers.

Mr. Lipperheide, 76, was kidnapped from his Bilbao home last Tuesday. The Basque separatist organization ETA later claimed the abduction.

Thousands of leaflets calling for help in locating Mr. Lipperheide appeared Sunday in Bilbao. The appeals said Mr. Lipperheide, who has founded five companies in the Basque provincial capital since he came to Spain before World War II, was responsible for creating thousands of jobs in the region.

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Amid Policy Shifts, Ethiopia Leans Uneasily on Russia for Weaponry

By Jay Ross

Washington Post Service

ADDIS ABABA, Ethiopia — "Everything has been turned upside down," the veteran civil servant said. Now that Ethiopia has a friendship pact with the Soviet Union, "the Russians are hated, just like the Americans were hated when they were here."

"Now the Americans are popular," he said, adding with a sardonic grin: "We seem to like those who are most distant from us."

Anti-Soviet remarks are as common as poverty in the capital of this poor East African nation, but even the most vociferous private critics of the Soviet Union do not expect any major shift soon away from Moscow by the military government.

Foreign Policy Shifts

"Public opinion over counted for anything under Emperor Haile Selassie, and it doesn't affect policy now either," another disgruntled official said.

In the last year, Ethiopia has carried out a number of subtle — and sometimes bewildering — shifts in its foreign relations without altering its basic orientation toward the Soviet Union.

In the first half of the year, a major opening toward the West, although out of the United States, appeared to be under way.

Then in August, Ethiopia, Libya and Southern Yemen formed an alliance — the first time this ancient black African nation has ever allied itself with Arab nations, which traditionally have been regarded as key enemies.

Most diplomats trace the explanation for those moves to the deteriorating state of the Ethiopian economy. Ethiopia has discovered that the Soviet Union, which has provided more than \$2 billion in military aid in the last four years, is not so forthcoming when it comes to development assistance.

Even though the United States is still the world's largest source of such aid, Ethiopia steadfastly has refused to turn to its former ally. On the contrary, the government launched a harsh propaganda attack on Washington in November, even indicating that it might break relations.

Ethiopia's opening to the West, particularly the Europeans, has not resulted in much aid. Relief officials say Ethiopia receives the lowest amount of aid per capita of any developing country — less than \$6 a year, compared with an

average of \$20 per capita for Third World nations.

Italy, the former colonial power in the Ethiopian province of Eritrea, gave \$44 million this year, and the European Economic Community has pledged a four-year package of \$150 million. Sweden has provided \$20 million a year but is likely to cut that amount because of unhappiness with the government's treatment of the Lutheran Church in the country.

The World Bank resumed loans last year after suspending them because of the failure of Ethiopia to compensate nationalized companies.

The United States cut off aid in 1979 over that issue, and the ban continues except for food aid, which totaled about \$8 million, including transportation charges, last year. Ethiopia asked for the withdrawal of Ambassador Fred-

erick Chapin, mainly over the compensation issue, in 1980, and Washington has been represented by a chargé d'affaires since then. Ethiopia has had the same level of representation in Washington since the last ambassador sought asylum three years ago.

One principle of Ethiopian foreign policy since 1977 has been that the United States, Addis Ababa's traditional arms supplier, turned its back on Ethiopia in its hour of dire need.

Ethiopia, faced with war with Somalia and guerrilla conflicts in the north, needed arms. The United States, faced with reports of human rights violations and Ethiopia's shift toward Marxism, hesitated and even refused to deliver some arms that had been paid for.

Ethiopia then turned to the Soviet Union, which provided a cornucopia of weapons the country never will be able to pay for and thousands of Cuban troops who helped defeat the Somalis.

That has created a bond acknowledged even by Ethiopians who say they despise the Russians.

"There is lots of wishful thinking that every Ethiopian is itching to get the Russians out," a diplomat said. "They will stomach the Russians for quite some time."

There is no question, however, that the honeymoon in Ethiopian-Soviet relations brought about by this assistance now is over. Observers here say Ethiopia wants to demonstrate that it will take aid where it can get it but intends to retain its nationalistic character.

The problems that used to be blamed on the Russians are now blamed on the Russians, an official noted with a sense of irony.

Some Ethiopians say that Moscow is unwilling to pass on technology. They point out that jet engines on Ethiopia's Soviet-built military aircraft must be sent back to the Soviet Union for servicing even though Ethiopian mechanics are capable of doing the work. They maintained the military's U.S.-built F-5 jet fighters, and Ethiopian Airlines does all its own maintenance.

Residents say it is common for Ethiopians to rebuff Russians, for example, to refuse to sell them items or for parents to refuse to allow their children to play with Soviet youngsters.

For the most part, the 1,500 Soviet civilian and military advisers and 11,000 Cuban troops keep a low profile in Addis Ababa, living in separate bousing projects. They are much less visible than in Angola, the other African Marxist country where there is a major Soviet-Cuban presence.

Aside from weapons, Moscow provides one other key element of assistance: oil, at a preferential price of about \$28 to \$30 a barrel. But the amount satisfies only about 70 percent of Ethiopia's needs and is provided on the basis of a one-year contract, forcing regular appeals to the Kremlin.

Soviet development aid is limited to plans for a 25,000-acre cotton project, a hydroelectric dam and a cement plant. Work has not started on any of the projects and some have been planned for years.

Unhappy With Offer

The chairman of the ruling military council, Mengistu Haile Mariam, was unhappy at the amount of Soviet aid proffered during his visit to Moscow in November, 1980. That set the stage for the pact with Libya. Ever since the treaty was signed in August, there have been rumors that Libya would provide Ethiopia with \$1 billion in assistance.

Informed sources discount the rumor, but there are persistent reports that Ethiopia already has received up to \$150 million. Foreign Minister Felleke Gedion will only say that the two countries will cooperate on joint projects. One is believed to be a sugar refinery.

It is unlikely, however, that the relationship will be smooth between the radical Arab government of Col. Moammar Qadhafi and Ethiopia, with its centuries of hostility toward the Arab world.

U.S.-Ethiopian relations are complicated by Washington's global concerns, mainly the worries about the presence of Cuban troops and the desire to use military facilities at Somalia's port of Berbera, less than 100 miles (160 kilometers) from the Ethiopian border.

U.S. military maneuvers there last year led to protests from Ethiopia and the implied threat to break relations.



PRETORIA HOLDS BRITON — Norma Kitson displays a picture of her son, Steven, who was arrested last week in Pretoria, at a press conference in London. South African police said that her son was suspected of helping to plot a breakout of jailed nationalists from the prison where his father, David, is being held. David Kitson is serving a 20-year sentence for plotting sabotage against the state.

2 Yemens Reported To Agree on Merger

The Associated Press

ADEN, Southern Yemen — The Red Sea republics of Saudi-backed North Yemen and Soviet-supported Southern Yemen have agreed on a draft constitution for their merger into a single state, according to a Southern Yemeni spokesman.

The spokesman, Abdullah Ahmed Ghanem, said Saturday that the draft constitution provides that Islam will be the official religion and the North Yemeni capital of Sana'a the seat of government of the United Yemeni Republic.

For nearly two decades the two governments have been conducting unity talks as military skirmishes occurred intermittently along their border.

Mr. Ghanem is the secretary of the presidency of the Supreme People's Council, Southern Yemen's parliament, and led his country's delegation in recent talks with North Yemen on the draft constitution.

The draft has been submitted to legislative and executive bodies in both countries for ratification, and a date will be set later for a referendum in both countries for final approval, Mr. Ghanem added.

He said the legislative powers in the unified state will be held by an elected parliament and the judicial system will be headed by an elected attorney general. Executive powers will rest in a council of ministers, Mr. Ghanem said, but he did not say how the Cabinet would be formed.

Southern Yemen, which in 1980 signed a 20-year treaty of friendship and cooperation with the Soviet Union, is the only Marxist-governed state on the Arabian peninsula. Aden, its capital, is a vital port of call for the Soviet Navy in the Indian Ocean, and its 24,300-man armed forces are equipped exclusively by the Soviet Union.

North Yemen relies heavily on financial assistance from neighboring Saudi Arabia. Its 32,000-man armed forces are equipped by both the Soviet Union and the United States.

Both Yemens were classified by a recent United Nations survey as among the 31 poorest nations of the world. But they are strategically located at the southern entrance to the Red Sea, a shipping lane leading to the Suez Canal and the West.

Ghana: An Unclear Picture, a Radical Tone

The Associated Press

ABIDJAN, Ivory Coast — More than a week after the overthrow of a civilian government in Ghana, it is still not clear who is running the West African nation and how its staggering economic problems will be tackled.

Jerry J. Rawlings, the former Air Force lieutenant who is the apparent leader of the new regime, said the coup was carried out to transform Ghana's economic and social order. The tone of subsequent comments is leading diplomatic observers here to believe that the ruling Provisional National

Defense Council favors radical measures, including scrapping European-style parliamentary democracy.

Political parties were banned following the coup Dec. 31, the constitution was suspended and the parliament dismissed. The deposed president, Hilla Limann, under arrest. His vice president, William deGraft-Johnson, at least 11 government ministers, and more than 60 other leading political figures have turned themselves over to police "for their own protection," Accra radio said. Their assets have been frozen.

The composition of the Provisional National Defense Council has not been made public. It apparently is headed by Mr. Rawlings, 34, who also led a coup in June, 1979.

It is believed that the army chief of staff, Gen. Nana Mensah, and the army commander, Brig. Gen. Arnold Quainoo, are members of the council. Both served with Mr. Rawlings in the four-month rule of the Armed Forces Revolutionary Council in 1979.

The Defense Council has announced that "people's tribunals"

would try former officials accused of corruption and that "people's defense councils" would be organized to defend the revolution.

Accra radio has been the only source of official information since the coup. The country's borders remain closed and communications have been interrupted.

A Right to Basic Needs

In his first public appearance since the coup, Mr. Rawlings said at a rally Friday that "no one in society has a right to have more than his basic needs when other productive workers can hardly get theirs."

On another occasion he said that foreign investment would be reviewed to determine whether it was in the country's best interests.

Ghana was once the world's leading cocoa producer. But production has dropped by 50 percent in the last 10 years because of aging stock, falling prices and poor marketing facilities. Much of what is produced is smuggled to neighboring countries where it commands higher prices.

According to estimates, Ghana used to be the world's No. 3 gold

producer, after South Africa and the Soviet Union. But poor management and lack of foreign exchange to purchase mining equipment have kept annual production at less than 6 tons, compared to estimated outputs of 650 tons by South Africa and about 300 tons by the Soviet Union.

Statements by Mr. Rawlings and the Defense Council have criticized members of Mr. Limann's administration who "crossed the world begging for foreign assistance and investment." But Accra radio also has called on states outside West Africa to help Ghana "in its hour of need."

Mr. Rawlings and the Defense Council have lashed out at political and bureaucratic corruption and greed. Yet most of Ghana's salaried workers are employed by the government, where kickbacks help augment low salaries.

Inflation has been at over 120 percent annually and the cedi, the national currency, is nearly worthless. As of last June, Ghana had only \$80 million in foreign reserves and an outstanding oil import bill of \$350 million.

MEMO FROM: INTERNATIONAL HERALD TRIBUNE

Subject: 1982 Pocket Diary

We would like to thank our many readers who purchased the 1982 IHT Pocket Diary. We regret that, due to the unexpectedly enthusiastic demand, we were not able to fill all orders.

Checks received after December 16 are being returned with our apologies. Next year we will, of course, increase the print run in the hope of satisfying all requests.

In the meantime, many thanks and best wishes for a prosperous 1982.

Bruce Singer
Special Projects Editor

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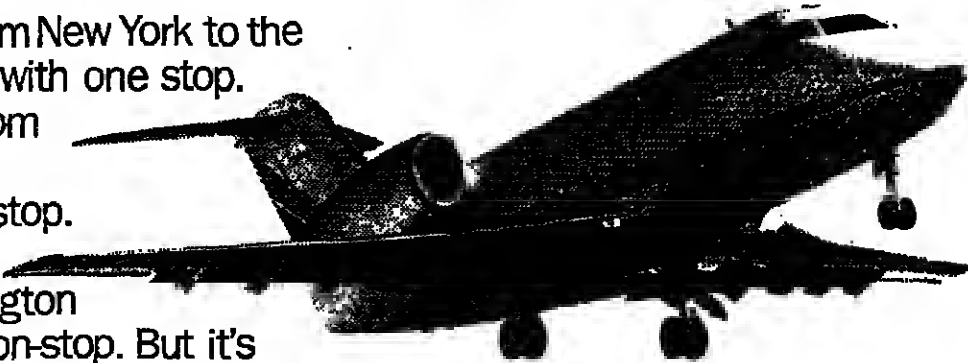
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The Kennan Doctrine

George Kennan has the courage of Helmut Schmidt's convictions and makes what case there is for acquiescing in Poland's suppression. He says that the Soviet Union will always risk more to keep Poland supine than the West should risk to make it freer, so why impose sanctions that can only damage the peace of Europe?

One answer is that his premise is wrong. Peace requires a productive Poland as much as a docile one. And Moscow needs the West to make Poland productive.

A more important answer is that acquiescence undermines the value system of modern societies. Even Kennan and Schmidt are uncomfortable arguing that might deserves to prevail, so their acquiescence leads them to contend that might should at least define right in world affairs.

Thus they argue that Soviet security is a higher imperative than Polish or Western sensibility. They even struggle to deny the Soviet hand in the Polish crackdown: Asking that Moscow order Warsaw to reverse course is, in Kennan's logic, granting the Kremlin the very authority over Poland that "we profess to deplore." And they rush to blame the victims for their oppression, berating Solidarity for misjudging the limits of Communist tolerance.

But so long as Communists do not themselves pose rules for a loyal opposition in their societies, the limits on their tyranny can only be prescribed from outside, by the larger culture to which they belong. And the more they mock the meaning of sovereignty, the harder other nations should strain to give it force.

When people in the Soviet sphere see what their system produces compared with the West's and then rise in rebellion, the threat to Soviet security can be said to lie in every prosperous democracy. As the Helsinki accords declare, there is no safe way to divide Europe without maintaining an active concern for the quality of life in both halves.

The West can be faulted for mismanaging its interests in East Europe. It lent \$70 billion

to help make the Soviet system work, but got no political or commercial collateral. The allies are torn even now by the lure of selling grain or buying gas. Reagan's sanctions may thus prove too modest or be undercut by others. But that does not discredit his impulse to proclaim his values and to give the resisting Polish people something to bargain with.

It is simply not true that Solidarity's extremists provoked the terror. What strength they gained came from the government's refusal to honor even its modest concessions to the union. Solidarity did not overthrow the Communist Party; the party collapsed of its own dead weight. The union never challenged Poland's pro-Soviet foreign policy.

What was threatened in Poland was not geography, not the security of Soviet borders, but ideology, the Soviet system of concentrating power in a Communist oligarchy. That system destroys initiative everywhere and thus produced Solidarity in the first place. It will never succeed in a modern economy until it makes peace with the people it governs.

Left to their own devices, Polish Stalinists will now maintain the terror until they find new opportunists willing to reconstitute the party and form a bogus Solidarity. Western "realists" will then be asked to pretend that Poland has recovered its productive powers and to extend and enlarge its loans.

What President Reagan is struggling to assert is that the Polish economy and the Stalinist system are equally bankrupt. The idea behind sanctions is to stop throwing good money after bad until Moscow faces that fact.

If the suppression persists, a formal default will become inevitable anyway, damaging the Soviet bloc more than the West. But if Poland's junta is still free to seek a genuine accommodation with the genuine leaders of Solidarity, there are powerful reasons of state and humanity for the West to underwrite a Polish evolution. There will be time later for defeatism.

THE NEW YORK TIMES.

State Department Hypocrisy in Denial of Paisley Visa

By Ian Paisley

The writer is a Protestant leader in Northern Ireland and a member of the British Parliament. He wrote this article at the invitation of The Washington Post.

BELFAST — The recent revocation of my visa by the U.S. State Department not only denies me, as an elected public representative from Ulster, the right to put my views to the American people on an issue about which the U.S. government has been concerned itself, but more seriously it denies the majority of unionist people in Northern Ireland, whom successive election results show I have the honor to lead, even the right to have their case heard. So the decision of the State Department is a calculated slur upon the majority community in Northern Ireland.

This denial of freedom of expression not only repudiates the time-honored reputation of the U.S.A. as the country of freedom, but it contrasts sharply with the official attitude in the cause of Irish Republicanism. For instance, the terrorism of the IRA has been

greatly assisted by the continuing refusal of the U.S. government to sanction the sale of much-needed weaponry to the police forces of Northern Ireland, the Royal Ulster Constabulary. At the same time IRA-linked organizations in America have continued to collect and send millions of dollars to Northern Ireland for the purchase of further weapons of terror. Meanwhile, numerous apologists for the IRA have come and gone to the U.S.A. at will, especially over the past year during the IRA hunger strike campaign.

Add to this the recent declaration in Dublin by the then-Deputy Secretary of State William Clark that all Americans are praying for the unification of Ireland — that is, the ending of my province as a separate British entity in Ireland — and the imbalance and bias in the American stance, which is compounded by the revocation of my visa, is as obvious as it is overwhelming.

Furthermore it should be noted

that those in Congress who were active in campaigning against my proposed visit, such as Rep. Mario Biaggi, have themselves traveled to and from my country in order to express their views on our internal affairs without hindrance. Little wonder then that many detect a high degree of cant and hypocrisy in the State Department's stance and that all the leading London papers, including The Times and The Guardian, have attacked the revocation of my visa.

By far the most alarming aspect of this whole affair is the statement by State Department officials that my presence in the U.S.A. would be "contrary to American foreign policy interests." Since my only purpose in visiting America was to present the unionist viewpoint on the Ulster situation and to plead for an end to the flow of dollars that is enabling the IRA to murder the innocent people of Northern Ireland, I find it difficult to contemplate what the foreign policy interests are that my

visit would offend, unless they are those of helping the IRA to victory.

The message I wish to present to the American people is a message which, by and large, they have never fully heard. Indeed, by virtue of the orchestrated propaganda of certain Irish-Americans and other IRA sympathizers, this message — the message of Ulster unionism — has been grossly misrepresented as one of bigotry and intolerance and as devoid of reason or logic.

In reality, however, the opposite is true in regard to the case of the Ulster majority. Our case is simple. Northern Ireland, in contrast to the rest of Ireland, has been peopled by those of British extraction and governed as part of the United Kingdom for almost as long as the U.S.A. has had its independence. And above all it should be understood that Northern Ireland remains part of the United Kingdom because that is the undeniable wish of the vast majority of the people of Northern Ireland.

We remain British not by compulsion but by choice. It is not British troops that keep us British but the freely expressed will of our people through the ballot box.

When in 1921 the south of Ireland decided to secede from the United Kingdom, the north opted to remain as it was — a full part of the U.K. In exercising that right we were only exercising one of the most fundamental rights of all — the right of self-determination.

It is the refusal of a small Republican minority within Northern Ireland to accept Northern Ireland's right to remain British in accordance with the will of its people which has, through the IRA, led to the infliction of horrific terrorism upon the people of Northern Ireland in an effort to force them to join in an all-Ireland Republic. What the IRA and Irish Republicanism have failed to achieve through the ballot box they are seeking to obtain through the bullet and the bomb.

The struggle in Northern Ireland therefore is about the defense of democracy against the forces of sheer terror. The people of Northern Ireland ask only to be entitled to decide their own destiny, free from terrorism and external interference.

Democratic Role

This refusal by a section of the minority community to accept the state of Northern Ireland contrasts sharply with the constructive and democratic role played by the Protestant minority in the south of Ireland, and in this spite of the near-total eradication of that Protestant minority. Whereas the Roman Catholic population in Northern Ireland has increased significantly since partition, the Protestant minority in the south has been reduced over the same period from 10 percent to less than 4 percent of the population.

There can be no doubt as to how the Ulster people wish to be governed, since no later than May, 1981 — the last time they went to the polls — parties supporting union with Great Britain received over 70 percent of the vote.

Given the overwhelming determination of the people of Northern Ireland to remain British and the terrorism they have suffered as a consequence, it is little wonder that remarks such as those by Mr. Clark are deeply resented as encouragements to the terrorists and are viewed as an unwarranted attack upon the right of self-determination by the people of Ulster.



Presenting Ian Paisley

The Washington Post asked Ian Paisley, an extremist Protestant member of the British Parliament from Northern Ireland, if he would like to say in print what he might have said in the United States in person had the State Department not denied him a visa last month. Mr. Paisley replied that he would, and his remarks appear on this page today.

It is shameful that the State Department, which had earlier — and equally wrongheadedly — barred one of Ulster's extremist Catholic MPs, bowed to congressional pressure and barred Mr. Paisley as well. Having offered him a forum, however, we feel no compunction whatever in adding this: What he says is, in the main, absolutely wrong.

To give him his due, Mr. Paisley has one fair point, beyond his complaint about being barred — a pity, by the way, that he does not also protest denial of a visa to his fellow MP. He says that "IRA-linked" organizations in the United States have funded IRA terror. This is true. Despite efforts by police and Irish-American leaders to halt the flow, funds and in some cases actual arms have been obtained from the United States. Officials of the Republic of Ireland say flatly that Irish-Americans, often unwittingly, provide

more support for IRA terror than does the Communist-connected international terror apparatus on the left. If Mr. Paisley's taunt provokes greater U.S. vigilance on this score, so much the better.

His political views, however, are something else again. Mr. Paisley makes much of the determination of Ulster's Protestant majority to hold to union with Britain. He utterly ignores his community's role in systematically discriminating against Ulster's Catholic minority over the decades and thereby bringing the whole pot to a boil. He ignores as well the terror emanating from the Protestant side. No single person has done more to undermine would-be moderates in Northern Ireland, Protestant as well as Catholic, and to nullify attempts by Britain — another is currently in train — to find a path of compromise through the bullets and the bombs.

Mr. Paisley's talent at playing on the civil libertarian sympathies of Americans is there in his piece for all to see. What is not there to see is the political vision and courage that are the necessary ingredients of any turn toward peace with justice in Northern Ireland for all its citizens.

THE WASHINGTON POST.

Moving the PLO Beyond Being a Symbol of Arab Cause

By William R. Brown

The writer is dean of the School of Arts and Sciences of Central Connecticut State College. He contributed this article to The Washington Post.

NEW BRITAIN, Conn. — Once again President Reagan is being advised to initiate talks with the Palestine Liberation Organization. No doubt something can be said for this move as a way of getting the Middle East peace talks off dead center. But is that all there is to it? Even if the situation suggests that Reagan heed such pleas, are there arguments favoring prudence that do not rely exclusively on Israeli reasoning?

Through the loss of their homeland the Palestinians became the ultimate symbol of Arab sacrifice and, therefore, of Arab national purpose. What Nazi extermination camps had done for the Jewish state, the Palestinian refugee camps did for the Arabs. Both peoples sought redemption through strength. For the Jews, it was building a pioneer society that ignored those whom Herzl himself referred to as "the possessors of the land." For the Arabs, it has been to compel the Israelis to accommodate the Palestinians, whatever the cost.

But in this Arab aim, the Palestinian people themselves have been of little consequence. The symbolism associated with the elevation in status that the PLO has acquired by being identified with Yasser Arafat and his lieutenants has always been a double-edged sword. It has compelled them to maintain themselves by soliciting help from one or another of the Arab states. They have thereby become clients of the governments of Syria, Libya, Saudi Arabia and Iraq, each of which spends a large portion of its energy combating the influence of the others within the competition of Arab national politics. In this contest, a leader offers just enough support to the PLO to permit him to have some influence within this symbolic Palestinian segment of the Arab nation.

Rocky History

The basis for this history may be unique. For Arabs, the state and the nation are not synonymous. Being leader of a state does not ensure command of the great overarching allegiance provided by the Arab nation.

The PLO has had a rocky history. Egypt has spurned it; in 1976 Syria slaughtered its fighting units in Lebanon; Iraq has assassinated its agents within the interplay of international terrorism; Libya has castigated its leaders as being godless. In Jordan a decade ago there was Black September. Currently, the Saudis and other Gulf Arab states even deny Palestinians free entry into their countries. Everyone fears them but uses them. For the present, the PLO commands the loyalty of the Palestinian people. As a result, Arab countries see a need to give its leaders due regard. But beyond this tactical consideration, few Arab governments really take the PLO leadership into account.

The implication of this situation has been that, at any time sentiment in the Arab world appears to be swinging toward a negotiated settlement, there is pressure on PLO leaders to support some version of its objectives. Otherwise they risk losing out in future Arab politics.

who do periodically move toward moderation have always done so with an eye on the route of rapid retreat should the venture falter. The mental reservations and apparent opportunism of the PLO position are really the characteristics of weakness. Nevertheless, they do not assure Israel and the United States that Palestinian leaders mean what they say when they make statements that can be interpreted as not rejecting peace.

Immobilized

The curious place of the PLO in Arab politics raises serious questions about the role this organization could perform were it allowed into the negotiations. Could it bring the Palestinian people self-determination with a modicum of dignity while outside mediators such as the United States assured equitable consideration of the rights of the Israelis? The answer to this question is, probably not.

As a movement incorporating the symbols of the Arab nation, the PLO is less likely than Arab governments to accept the limitations that would result from the

compromises of a negotiated settlement. Because each faction within the movement is always ready to castigate the others for less than unqualified adherence to the Arab cause (a ritualistic vision of itself), the PLO as an entity becomes immobilized in any situation that places the national symbols in doubt — and that is exactly what negotiations do.

The power of the PLO leaders rests solely on the hold their movement has over the emotions of other Arabs. While this is a powerful force, it is unlikely ever to be translated into the positive attributes of policy. The PLO is poorly equipped to play a useful part in any attempt at the peaceful resolution of the Arab-Israeli conflict.

Should the United States, then, have contact with the PLO? Perhaps. But should conversations be held with a view to bringing the movement's leadership into the peace process? Not yet. First, the leaders of Arab states must define the role of the PLO in terms of a settlement. It can no longer be just an expression of the Arab cause. Such a task is not the responsibility of the United States, even as a Middle East mediator.

Dickens on the Crisis

Today's homily on the state of the U.S. economy is contributed by Charles Dickens, who followed the subject more closely than you might think. The present situation, as the Reagan administration explains it, is that (a) the recession is going to get a good deal worse but (b) things will eventually get better and (c) the dire state of the economy urgently requires profound reforms although (d) everything now depends on its underlying strength.

Dickens acquired a strong impression of the U.S. economy from his first visit, and reflected it in "Martin Chuzzlewit," published in 1844. Martin sails to the United States, and the following passage finds him in a New York boarding house, talking with several men with military titles, and a couple of newspapermen — the editor of the New York Rowdy Journal and its chief correspondent, Jefferson Brick:

"You have come to visit our country, sir, at a season of great commercial depression," said the Major.

"At an alarming crisis," said the Colonel.

"At a period of unprecedented stagnation," said Mr. Jefferson Brick.

"I am sorry to hear that," returned Martin.

"It's not likely to last, I hope?"

Martin knew nothing about America or he

would have known perfectly well that if its individual citizens, to a man, are to be believed, it always is depressed, and always is stagnated, and always is at an alarming crisis, and never was otherwise, though as a body they are ready to make oath upon the Evangelists at any hour of the day or night that it is the most thriving and prosperous of all countries on the habitable globe.

"It's not likely to last, I hope?" said Martin.

"Well!" returned the Major. "I expect we shall get along somehow and come right in the end."

"We are an elastic country," said the Colonel.

"We are a young lion," said Mr. Jefferson Brick.

"We have revivifying and vigorous principles within ourselves," observed the Major.

"Shall we drink a bitter afore dinner, Colonel?"

When the book first appeared, Americans denounced it as a grotesque and unfair caricature. As time passed, people decided that perhaps it wasn't entirely grotesque. Then they began to wonder whether it was really unfair. Now you'd have trouble convincing anyone that it's even a caricature.

THE WASHINGTON POST.

Israel's Own 'Autonomy' Plan

By Philip Geyelin

BEIT EL, Israel — From this vantage point at the command center for Israeli occupation of the West Bank of the Jordan River, you have to wonder what the sudden bustle and hustle in Washington over Camp David is all about. If it's about nothing more than artificial respiration for the failing "autonomy" talks, that's one thing. In the absence of an alternative, they're worth keeping alive.

But if the Reagan administration is planning to plunge Carter-style into the business of trying to break the stalemate over the West Bank's fate, it had better (a) hurry, and (b) brace itself for a head-on collision with the Israeli government of Prime Minister Menachem Begin on a fundamental principle.

The principle is central to the whole concept of the first part of the Camp David accords. (The second part has to do with the nearly completed Egyptian-Israeli peace treaty.) The first part says that during the course of a five-year interim period of "full autonomy" for the West Bank and Gaza, "negotiations will take place to determine [their] final status."

The point was to leave the question open. Yet with every passing day, in every sort of open or covert way, the Israeli government is seeking to it that, before any formula for "autonomy" can be worked out, the issue will be closed.

How? By the simultaneous application of an increasingly heavy iron fist and a new velvet glove. The iron fist is familiar: jailings, town arrest, expulsion, harassment, the demolishing of homes, whatever it takes to crush the influence of the PLO.

The velvet glove is on an arm attached last November to the Israeli Defense Forces (IDF) in charge of the occupation. It is called the Civilian Administration and its avowed purpose is to sepa-

rate out from the "security" functions of the IDF (the fist) the problems of "civilian needs."

Or so says the civilian administrator, Menachem Milson. He laid out the philosophical argument for the velvet glove in an article, "How to Make Peace With the Palestinians," in last May's issue of Commentary magazine.

At headquarters here, Milson notes before you do that his deputy and his principal aide are army colonels. But that, he insists, is not the point. His mission, as his magazine piece foreshadowed it, is "to create conditions in which moderate Palestinians can speak out."

And this, he wrote, means "freeing the population of the territories from the grip of the PLO." That's the premise from which Milsonism proceeds: The PLO is irredeemably hostile to any peace process. "Our aim is to reduce to as close to zero as possible the effectiveness of the PLO," he said in an interview.

But that, he is quick to add, is the job of the IDF. While not disavowing the rough stuff, his definition of the division of responsibility is, shall we say, disarming: "To me you can talk about rebuilding houses; for the demolition of the houses, you have to talk to somebody else."

What Milson is building is an alternative to the established municipal and village governing bodies in West Bank towns and rural areas where the officeholders are either avowedly PLO supporters or merely suspect.

He is expanding a network of new "village leagues," complete with their own patronage powers (building permits, etc.) conferred upon them by Israeli authorities. As an inducement to "those who are not secure when they want to show their support for the peace process," Milson is selectively issu-

ing firearms — to "moderates."

Meanwhile, the IDF does its "security" number on "those who attack the peace process," which is to say anybody thought to be allied with the PLO. Prominent figures are regularly subjected to arrest, detention and calculated harassment. On what evidence? Milson doesn't want to "go into operational secrets."

He sees the targets as "destructive elements," given to "incitement to violence." Both sides are dug in for a protracted struggle. "I am very aware," Milson concedes, "of the very severe limitation on what I can do."

Perhaps, but the point of immediate interest to Washington is what he is trying to do. To independent West Bank-watchers, when you put it together with a systematic program of land acquisition, it looks like an effort to co-opt Camp David with Israel's own "autonomy" plan — of a de facto annexation.

Milson says, "Those are not my orders." Perhaps. But if that is the effect, it fits entirely with the Begin government's policy, openly proclaimed.

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Jan. 11: From Our Pages of 75 and 50 Years Ago

1907: Interests in the Gulf

LONDON — At a meeting of the Central Asia Society, Mr. Archibald J. Dunn dealt with the subject of "British interests in the Persian Gulf." Mr. Dunn said that for half a century they had seen the stealthy but persistent advance of the Russians in Central Asia, and another danger had arisen in connection with Turkey and Germany. The Kaiser had secured advantages which made him practically master of Asia Minor, especially in regard to the Baghdad railway. Sir Edwin Collin, the chairman of the meeting, said he thought an understanding with Russia was the best possible. Mr. Ross, M.P., said he believed the death of the Shah of Persia would be fraught with no disadvantage to Britain.

1932: German Reparations

PARIS — German chancellor Brüning threw a bombshell into international affairs by declaring that Germany is not able, and never will be able, to pay war reparations. "It is perfectly clear," the chancellor said, "that the situation in Germany places it in the impossibility of continuing to make payments of a political nature. It is equally clear that any attempt to perpetuate a system of payments of this kind will inevitably lead to the ruin not only of Germany but of the whole world." The chancellor's remarks come two weeks before the opening of a reparation conference in Lausanne. France intends to go on with the conference and is considering economic pressure against Germany.

Herald Tribune

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British Productivity on Rise As Struggling Firms Trim Fat

By Steven Rattner
New York Times Service

LONDON — At first glance, the result of Prime Minister Margaret Thatcher's bold economic experiment seems a landscape of devastation. From an 11.5-percent unemployment rate, more than double what it was when she arrived, to a 15-percent drop in manufacturing output, the overwhelming impression is of a teetering economy dealt a near-fatal blow by her policies of austerity.

Yet, beneath such dismal statistics, and beneath the equally dismal outlook for jobs projected by most economists, lies a bright gleam of hope. Productivity, the bane of British economic performance for decades, has begun to show some improvement.

For the businessmen, economists and plain ordinary citizens, debating whether the Tory leader has made British industry slimmer and fitter — or just slimmer — the signal in the productivity figures is that the country may now be better able to compete in world markets.

Recovery Seen
Output per worker, which had dropped 6.5 points from the time that Mrs. Thatcher took office in 1979 in the depths of the 1980 recession, has rebounded to an index level of 120.9, for a net gain of almost a point since her accession.

In manufacturing alone, excluding the oil and gas sector, the rebound has amounted to 9.5 points since the fourth quarter of 1981. Mrs. Thatcher and her aides have seized on such figures as a demonstration that the economic pain they have inflicted has had its purpose. "We have recovered a significant part of the ground lost in competitiveness in the previous two years," proclaimed John Biffen, the trade secretary, in a recent speech. "The road to export-led recovery is no longer a mirage."

To be sure, there are many who remain convinced that the Thatcher experiment is a disaster. Virtually no one expects British manufacturing output to return soon to anything approaching past levels. A number of experts argue that Mrs. Thatcher's encouragement of the road to export-led recovery is no longer a mirage.

"The road to export-led recovery is no longer a mirage."
ment of the runup of the pound to a peak of \$2.45 late last year helped eliminate industrial capacity that would have been productive at a more modest exchange rate more closely related to Britain's true competitive abilities.

Industry is smaller rather than fitter, said Paul Nield, chief economist at Phillips & Drew, a stock brokerage. "Quite a lot of industry has closed that might have been able to be saved."

A somewhat separate camp of critics questions whether the loss of capacity, and of production, is really worth an improvement in productivity that may well prove fleeting. In the past, Britain has flirted with conservative economic policies that have promised efficiency gains only to see improvement dissolved by a succeeding government's efforts to stimulate economic growth.

Nor should the extent of even the productivity improvement be overstated. The British performance leaves it substantially behind other industrialized countries. As a telling point, analysts often cite British Airways, the troubled state-owned carrier. Even after a reduction of 7,000 workers, which is now under way, the company still expects to have only 102,000 ton-miles of capacity per employee. By comparison, Pan Am estimates that it will end up with 275,000 ton-miles per employee.

Nevertheless, the bright signs are helping to lighten the national mood. Businessmen and economists who supported Mrs. Thatcher's efforts had argued that a fitter British industry held the potential for exceptionally fast recovery in profit. That view may now be being vindicated.

For example, textile manufacturers' Courtlaids, which has shut about 20 big factories, cut 35,000 persons from its labor force and dropped out of nylon fibers, recently reported that its earnings for the half-year ended Sept. 30 totaled \$40 million. That was up from a paltry \$9.4 million in the full year ended March 31.

The rise in British productivity has even reached certain of the state-owned companies. B.L. Ltd. is now producing more cars than it did a year ago — with 30,000 fewer workers. At British Steel Corp.'s Port Talbot complex in Wales, the number of manhours needed to produce a ton of liquid steel has been slashed to 5.2 from 10.

Changes in the working atmosphere are evident from the plant floor to top executive suites. Absenteeism among workers, which often ran at 10 to 20 percent (Continued on Page 11, Col. 3)

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Changes in the working atmosphere are evident from the plant floor to top executive suites. Absenteeism among workers, which often ran at 10 to 20 percent (Continued on Page 11, Col. 3)

Pushed by the economic troubles and aided by a long history of paternalism, the company has also taken aim at high wage settlements. It dropped out of the pottery trade association bargaining and in May instituted an incentive system to tie wages more closely to output.

"If we don't make a profit we don't survive and we're all out of work," said Brian Lewis, a union official, explaining why the union acquiesced. "If we don't have the modern equipment, our competitors will."

Such changes are unprecedented at the 223-year-old pottery maker but they are no less radical than the changes Sir Arthur has instituted away from the shop floor. At the company where for decades managers were told "Wedgwood sells itself," the motto has become "Two-thirds sells itself, the other third has to be sold."

New methods of marketing are being tried, including U.S. methods of using mail-order sales. The company has similarly picked up the concept of selling non-branded merchandise through chain stores, sometimes under their label.

A joint venture in Japan has been formed and shops have been opened in the Middle East. With help from a U.S. firm, an array of new designs and new products have been introduced into the 20,000-item product line.

Sir Arthur concedes that much of this would not have occurred without the relentless pressure of Mrs. Thatcher's economic program. The rise in the value of the pound to \$2.45 late last year hit Wedgwood particularly hard, because 60 percent of its output is exported. To some extent, Sir Arthur contended, the pressure forced out of use capacity that could have produced a competitive product had the pound not soared so considerably.



Assistant Attorney General William Baxter (left) and AT&T Chairman Charles Brown shook hands after announcing a settlement in the 7-year-old antitrust suit against the company.

AT&T Says It Saw Writing on Wall

By Andrew Pollack
New York Times Service

NEW YORK — American Telephone & Telegraph Co. agreed to dismantle its communications empire in part because it disliked the direction of legislation pending in Congress and also because of recent Federal Communications Commission order, the company's chairman, Charles L. Brown, said in a weekend interview.

Mr. Brown also said that the settlement, announced Friday, of the government's 13-year-old antitrust suit "would lift a giant cloud" over the company and allow it to enter such new businesses as data processing.

The settlement calls for AT&T to divest itself of its 22 operating companies, which provide local telephone service, in exchange for ending a 1956 agreement restricting AT&T's entry into new businesses.

In an interview in his Manhattan office, Mr. Brown also said: • AT&T intends to offer customer equipment, such as telephones, and new unregulated services, such as data processing, through a subsidiary distinct from its long distance operations, which are regulated.

• Long distance rates are not likely to decline, but perhaps they will rise as fast as inflation.

• By itself, the settlement will not lead to higher local rates; they were in fact bound to rise whether or not the settlement was reached.

Both the FCC order and the measures in Congress would allow AT&T to offer equipment and unregulated services if it set up a separate subsidiary. But Mr. Brown said the proposed legislation also contained excessive restrictions on company operations.

"That perception could not be changed by anything but this," he said. As examples of what irked AT&T, he mentioned late amendments to the Senate bill passed in October, that would have controlled how much equipment Bell companies could buy from Western Electric Co., the manufacturing arm of the Bell system.

He also mentioned a House version of the bill, introduced in December by Rep. Timothy E. Wirth, a Democrat from Colorado, that Mr. Brown said, "has many of the restrictions of the Senate bill plus a little more."

The Justice Department had indicated that it would drop its suit if suitable legislation passed. In that event, AT&T would have been able to clear up the suit while remaining intact, Mr. Brown said, because the legislation did not require the company to split up.

Yet, he added, such a solution would not have eliminated a 1956 court decree in which the company had consented to a restriction allowing it to provide only regulated telephone services. In addition, the legislative solution began to look less favorable for the company as the various bills took on a more restrictive pattern and as the chances of early passage seemed to recede.

Mr. Brown contradicted the widespread speculation among industry analysts that AT&T settled because it felt it could have lost the case.

In that connection, he also discounted the impact of an opinion issued in September by Judge Harold H. Greene, the Federal District Court judge presiding over the antitrust case. Denying a motion by the telephone company to dismiss the suit, Judge Greene said there was evidence that AT&T had violated antitrust laws.

The telephone company chairman said he still saw the need for Congress to rewrite the outdated 1934 law that governs the industry. But he said both the FCC and Congress would probably want to review their work so far, since the settlement produced so many changes in conditions and removed many fears that Bell would need to be heavily regulated.

Mr. Brown said AT&T would form a separate subsidiary to provide customer equipment and unregulated services, even if the FCC or Congress did not order it. "I think it's in our best interest, regardless of legislation, to assure the public, the legislators and the regulators that there is no cross-subsidy between the regulated and the unregulated businesses."

The AT&T executive said that local phone rates would have increased even without the settlement because the AT&T competition in the long-distance communications market was compelling Bell to end the subsidy the company says was provided local phone usage by higher-than-necessary long distance rates.

Mr. Brown also vigorously disputed the views of many industry analysts who have suggested that Bell settled the suit in a masterly way by giving up only its weakest business, local phone service, and keeping its most profitable ones, which are long distance and sales of equipment.

"These companies we intend to spin off are not dogs," Mr. Brown said, "but are very good companies that will tend to do very well."

NEWS ANALYSIS
The twin moves, announced within hours of each other Friday, represent the most dramatic actions thus far by the Reagan administration to carry out its philosophy that the role of the government in the marketplace should be shrunk severely, in the belief that competition, even among giant corporations, will best serve consumer interests by increasing efficiency and stimulating innovation.

Assistant Attorney General William F. Baxter conceded Friday that "there is a sense in which the antitrust division is backing off" from policies of earlier administrations, but he contended that the law had been pushed in directions contrary to what he regarded as its proper values and goals.

In declaring that the IBM case was "flimsy," Mr. Baxter appeared to be giving voice to the administration's view that size alone should not be a consideration in antitrust matters.

Consent Decree
However, since the consent decree is likely to involve major relocations of costs and services, it almost certainly will have to run a series of challenges in the courts and in Congress. Business competitors, consumers and public utility commissions can appeal to the courts to set aside or modify the consent decree, if it is judged to be unfair. And Congress has the power to pass legislation blocking or modifying the actions of the administration.

Nevertheless, it appears probable that when the dust has settled, AT&T will exist as a smaller, leaner and more profitable company, including its Long Lines division, the Western Electric Co. and Bell Laboratories.

It will have divested itself of the relatively low-profit local operating companies, whose growth potential has been limited and whose efforts to generate adequate earnings have been, and are likely to continue to be, severely constrained by state public utility commissions.

Higher Bills
The end of cross-subsidization by the Bell System to the operating companies almost certainly will mean much higher telephone bills for "ordinary" local customers, those whose use of the telephone is largely limited to local calls. Approximately 30 percent of the cash flow from long-distance calls currently goes to local lines; that subsidy will promptly stop if the consent decree stands.

But the remaining elements of AT&T as a national entity will be in a position to move ahead rapidly, for the consent decree also liberates the company to go after IBM, Xerox, General Telephone, ITT, MCI and other communications or data-processing companies. AT&T will be in a formidable position to compete, especially through the pioneering work in science and technology that has made Bell Labs world famous as an incubator of ideas and devices.

Antitrust Actions Pave Way For IBM-AT&T Showdown

By Leonard Silk
New York Times Service

WASHINGTON — Here are highlights of the Justice Department's antitrust settlement with American Telephone & Telegraph Co. • AT&T must divest itself of the local telephone services of its 22 Bell System operating companies.

• Western Electric, Bell Laboratories and the long-distance division of AT&T will be retained by AT&T. All intrastate long-distance service will be turned over to AT&T by the local companies.

• AT&T no longer will be barred from offering unregulated non-telephone services, thereby opening the way for the corporation to enter the computer processing and information service business.

• Local telephone companies divested by AT&T will be required to share their facilities with all long-distance telephone companies on the same terms.

• Local companies will be barred from discriminating against AT&T competitors in buying equipment and planning new facilities and services.

• AT&T shareholders will retain stock in AT&T and will be issued proportionate values of shares in the local exchange companies.

• To enforce the agreement, the Justice Department will have visiting rights at the local operating companies to interview employees and review the books.

• In the local telephone companies, business customers and government services, both at home and abroad.

Most strikingly, the consent decree widens the field for competition between these giants and any other companies that can make the grade by ending what economists would call a monopoly — the collectivity of buyers made up of the local telephone companies, which constituted a sort of monopoly on the buying side. As part of the Bell System, they were largely tied to Western Electric as a supplier, and they were constrained by Bell management from innovating.

Now, that problem has been solved. As Roger Noll, professor of economics at the California Institute of Technology, puts it, the Justice Department has said, "Let a thousand flowers bloom."

How long it will take for the blooming to take place to the consumers' advantage remains to be seen.

Integration of Services
During the transition period, local consumers are likely to watch their local telephone bills go up as fast as the state regulators will allow, while charges for long distance calls go down.

But in the longer run, these moves appear likely to serve consumer interests, both locally and over long distances. They will also mean a closer integration of the new technologies with both telephone and data processing services.

The United States is likely to grow smaller as the cost of communicating over longer distances shrinks. Both national and international business, together with science and technology, stand to benefit.

But the company will surely face a powerful challenge from other companies, particularly IBM. Indeed, it seems likely that the two will now go head-to-head in competition against each other for access to the local telephone companies, business customers and government services, both at home and abroad.

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Wedgwood Strives for Efficiency

By Carl Gewirtz
New York Times Service

STOKE-ON-TRENT, England — In the airy Wedgwood Ltd. factory here, mechanics were struggling hard to adapt a restaurant dishwashers to the task of removing minute particles of abrasives from partly finished plates.

Once they succeed in switching to the process, two workers who currently remove the particles by hand will be out of jobs — and the company expects to cut the rejection rate on plates from 5 percent to 1 or 2 percent.

By such steps Wedgwood has emerged as a leader in the struggle to improve British productivity. In the past 2½ years — almost precisely the period of Prime Minister Margaret Thatcher's tenure — the company has cut its work force at this flagship facility by 500, to about 1,200, while maintaining the same productive capacity.

"We found ourselves two years ago having to institute measures that were going to protect the long-term interest of the company," said Sir Arthur Bryan, the chairman. "We started early and we're reaping the benefits early."

Machines owe paint lines on plate edges that formerly had to be done by hand. Other items are now sprayed automatically with glaze instead of having to be dipped by hand. Reorganization of production lines has cut unnecessary steps that one had both to eliminate before.

About a year ago, Wedgwood embraced the newly fashionable concept of quality circles, where workers can discuss with managers ways of improving the product. The result included a new method of marking hand-painted china that has saved an estimated 15 pieces a week from rejection. Improvements to molds are saving more than \$20,000 a year.

The company has paid a price. Earnings last year dropped by 87 percent as five particularly inefficient plants were closed and the work force was slashed to 7,000 from 10,500 less than three years ago. While only 15 percent of productive capacity has been lost, efficiency has improved markedly and this year profits have been recovering.

Kaufman's Gloom Shakes Uncertain Market
This would seem to suggest that bond markets will function more smoothly this year than last. Capital markets seize up only when the normal yield curve inverts and short-term rates soar higher than long-term rates. When short-term rates are below long-term ones, dealers can finance bond inventories at a profit and the markets can operate smoothly.

EUROBONDS
Provided, of course, borrowers are willing to issue long-term paper at astronomical levels.

The other important aspect of Mr. Kaufman's remarks is his forecast that none of this will start to happen before mid-year at the earliest. Thus, between now and then short and long rates can be expected to drift lower — the natural effect of the economic slowdown under way in the United States.

In essence, Mr. Kaufman argues that the Federal Reserve has veered away from its strict monetarist approach to concentrating on getting the economy moving. But when that happens, the Fed will become less accommodating.

On Friday, the Fed reported that the basic measure of the U.S. money supply, the M-1, fell a modest \$1.4 billion in the week ended Dec. 30, reversing a similar upswing in the previous week.

Caught between the prospect of record high interest rates later this year and a likely decline in rates until then, potential borrowers have decided to wait for the imminent decline rather than rush to borrow before the upturn. The Eurobond calendar for fixed-rate dollar debt is empty.

Investors, meanwhile, were not rushing to buy up what paper is available in the secondary market. They seem to be focusing beyond the coming trough to the expected record high yields later in the year. Bankers report their customers are keeping liquid.

Prevalent Uncertainty
A substantial volume of money is theoretically available for investment this month and next. According to data compiled by Orion Bank (now Royal Bank Ltd.), payments of interest and principal on outstanding Eurobonds total some \$1.5 billion this month and \$2.1 billion in February.

For their part, investment bankers are in rare agreement in bemoaning the absence of any new fixed-rate dollar issue. Their common complaint is that they just do not know "where" the market is. There are enormous aberrations in prices of seasoned issues on the secondary market.

Yields on five-year paper of roughly comparable quality range from 15.22 percent (Montana Power) to 17.5 percent (United States Steel).

CURRENCY RATES
Interbank exchange rates for Jan. 8, 1982, excluding bank service charges.

Dollar Values
S. Dollar Par U.S. \$1.00
S. Dollar Par U.S. \$1.00

High Rates Keep Borrowers on Sidelines
But bankers this year are convinced that the cost of new loans — the margin over the London interbank offered rate — will increase. A selective uptrend was already becoming apparent late last year.

But the situation in Poland has certainly contributed to this view as bankers now face the possibility of having to write off the \$16 billion of outstanding debt, including around a further \$11 billion this year, Mexico has fallen out of favor as the price of oil has failed to keep increasing.

This is because Mexico is committed to a program of debt reduction. (Continued on Page 11, Col. 1)

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[illegible][illegible]

Closing Prices Jan. 8, 1992			
Bid	Ask		
55 1/4	55 3/4	Dom St	13 1/2

\$ 88	Ind Marine Dev Bank	9 1/4	'83 Feb	75	\$9.97 6
\$ 25	Chrysler Overseas	T	'84 Feb	75	\$4.54 4
\$ 20	Essex Aft	8 1/2	'84 Feb	99	\$7.95 3

5 15	World Foods Overseas	2 3/4	'88 Nov	25	25.89	27
8 25	Metropolitan Estate	8	'91 Feb	44 1/2	14.22	15
9 25	Radford Finance Exch	9 1/2	'91 Mar	44 1/2	14.77	12

\$115	Infl Hammer	12 3/4	'82	Aug	94	21.40
\$75	Mossy-Ferguson	5 1/2	'91	Jan	13	21.24
\$75	Genitor	7 1/2	'86	Oct	203	14.79
\$85	Com-Global-Software	12 1/2	'88	Nov	107 1/4	16.08

AUSTRALIA					
00 Australia	2 1/2	'92 Nov	100	6.49	6.49
00 Australia	7 1/4	'97 Mar	99 1/2	8.65	8.65
00 Australia	4 3/4	'97 Apr	100	6.74	6.74

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EEC Official Angered by Steel Decision

The Associated Press
BRUSSELS — The EEC's chief industrial executive has reacted angrily to a decision by U.S. steel companies to file anti-dumping suits to block European steel exports to the United States.

Industrial Commissioner Etienne Davignon issued a statement Saturday calling the decision "deplorable," and said European exporters were being blamed for a steel slump they did not cause.

He said U.S. and EEC officials had tried to negotiate a solution to the steel dispute, but added: "All these efforts have been stymied by the intransigence of the American industry, which apparently seeks to obtain limitations of exports from the Common Market at a level drastically reduced from the traditional European exports to the American market."

He said the commission informed the 10 Common Market governments of the "lamentable" decision and said steps would be taken to prevent it from harming the Common Market steel industry and its workers. He did not say what steps.

U.S. Commerce Secretary Malcolm Baldrige announced on Friday that the U.S. steel industry, unimpressed by assurances from European competitors on future pricing, planned to file suit alleging unfair trade practices by the Europeans.

Mr. Baldrige said the suits would force the U.S. government to suspend the trigger-price mechanism governing imported steel. He said U.S. officials urged European firms to abide by the system, but that the European governments "failed to convince the American industry that the [trigger-price] mechanism can continue to be an effective means of enforcing U.S. trade laws."

Mr. Davignon said the decline in world markets for steel, not European imports, is the cause of the problems faced by U.S. steel companies. He said demand for the steel in the United States fell 20 percent in the two years ending in 1981.



Etienne Davignon
calls decision 'deplorable.'

British Productivity Showing Impressive Gains

(Continued from Page 9)

cent, has dropped in many areas to 5 to 8 percent. The rate of strikes is at its lowest level since the 1940s. Wage settlements, which once displayed almost indiscernible variation, have become widely dispersed with the more troubled companies often winning pay agreements providing for increases far below the rate of inflation.

The Confederation of British Industry said recently that settlements this fall have been running at 5 to 7 percent, far below last year's level. Combined with the productivity improvement, that could mean a sharp lessening in inflation, now running at 11 percent.

Showing a new willingness to bargain for jobs, one union recently granted Toshiba, the Japanese electronics company, a no-strike pledge in return for its opening a

factory here. Nissan, the Japanese manufacturer of Datsun cars, was offered complete freedom to assign workers to their jobs by a regional union trying to induce the company to choose its area for a British assembly plant.

On the management side, dozens of top executives have been swept from office by boards and bankers in search of fresh blood more able to deal with the economic stringencies. The Viscount Weir, for one, was recently forced by his bankers to step aside as chairman of the family engineering concern, the Weir Group, as a condition of granting the company additional credit.

In many companies, whole levels of managers have been eliminated, not only cutting costs but improving communications. At Otis Elevator of Liverpool, the ra-

tio of indirect support workers to direct production workers has dropped from 1.5 to 1, to 1.16 to 1, providing a quick boost to productivity.

Meanwhile, the plants that have been shut in the efficiency drive are in most cases the oldest and most inefficient. Removing such outdated capacity automatically raises average productivity for the manufacturing plants that remain. Production that for competitive reasons should have been shifted overseas long ago but which was able to remain in Britain thanks to a steadily depreciating pound, has departed.

While executives bemoan the loss of business that the pound's 1981 jump caused, they applaud Mrs. Thatcher's abolition of exchange and dividend controls for restoring their "right to manage their own businesses."

However, that also costs jobs. For example, Imperial Chemical Industries opened a \$500-million plant at Wilhelmshaven, West Germany, last June while it has cut its British work force by 12,000 over the past two years.

Investment in new, more efficient equipment has occurred at a wide range of factories despite a sharp drop in total investment that resulted from the collapse of corporate profitability.

The fall in investment has worried many economists, but Mrs. Thatcher's aides believe that substantial further gains in efficiency are possible without vast quantities of new capital. In any event, the portion of investment that once went to expansion rather than modernization will certainly not be needed in the immediate future.

Kaufman's Gloomy Rate Outlook Shakes Uneasy Market

(Continued from Page 9)

er) to 15.70 percent (Caterpillar Tractor). On longer dated paper, the difference ranges up to a full percentage point. The seven-year paper of double-A rated Du Pont is yielding 15.24 percent while Household Finance yields 16.46 percent. Among 10-year issues, National Westminster is yielding 15.29 percent compared to 16.21 percent for the European Investment Bank.

"There is a tremendous spread in yields and anyone pricing a new issue off the secondary market is going to be in for a rude shock," comments one banker. "What we desperately need is some benchmark, a bellwether issue to establish where the market is."

What is certain, bankers say, is that Eurobond yields generally are lower than in New York and this, again theoretically, should attract U.S. borrowers to this market.

French Success

One indication of investors' preference to remain relatively liquid was the enormous success of the floating rate note for Banque Francaise du Commerce Extérieur. Launched for a face amount of \$250 million, the issue was closed

at \$400 million — the largest ever FRN. Interest on these five-year notes will be set at a quarter point over the average of the bid and offered rate for six-month Eurodollars.

Lead manager Credit Suisse First Boston reports that over half the issue was sold to nonbank investors.

While French banks rejoiced at the very favorable reception awarded to a French government guaranteed issue, they also said it was no surprise since the terms were needlessly generous. Reported to be coming are floating-rate notes for two Italian borrowers, Anas (a highway agency) and STET. Spain is also planning to tap the market, although it is not yet clear whether this will be a floating or a fixed-rate issue.

A hybrid fixed-rate convertible issue is being offered by Mitsubishi Chemical Industries. The Japanese company is seeking \$30 million for five years. A coupon of 11 to 11½ percent is being indicated and the paper is being offered in denominations of \$5,000. Each note carries a five-year detachable warrant to purchase Mitsubishi Chemical shares at a price expected to be about 2 percent over the

prevailing Tokyo quote when final conditions are set.

Unlike traditional convertible bonds, which establish for the life of the issue a fixed dollar-yen exchange rate, no exchange rate is fixed. The warrant only gives investors the right to buy the shares at a fixed price expressed in yen. However, convertible issues giving an exchange rate guarantee also carry coupons of 5-to-6 percent.

From the company's point of view, this package allows it to raise \$100 million — \$50 million for the bond and \$50 million from the sale of the shares — whereas in a pure convertible issue the face value of the bond is used to purchase the stock.

The issue with warrants was quoted on a when-issued basis Friday at 99½. Without the warrants, the bond was quoted at 83½ and the detached warrants were quoted at 15½. Final terms are to be set Tuesday.

Japanese Issue

Orient Finance is offering \$60 million of 15-year classic convertibles, bearing a coupon of 5½ percent. The bonds will be convertible into the consumer credit company's shares at an anticipated 5-percent premium over the Tokyo quote when final terms are set.

Nippon Electric plans to issue \$80 million of 15-year classic convertibles as does Tokai Corp., a department store and railway operator, which will be seeking \$30 million.

The \$60-million convertible for Minoru Resources Corp. is moving very slowly, managers report. The 15-year issue bearing an indicated coupon of 9-to-9½ percent (likely to be the higher in light of the weak demand) will be convertible into the mining and oil company's shares at an anticipated premium of 10 to 12 percent.

Also moving slowly is the \$0 million Canadian dollar issue for the National Bank of Canada. The

Gold Options (prices in \$/oz.)			
Price	Feb.	May	Aug.
410	7.50-7.55	25.00-26.00	—
420	3.30-3.40	17.00-18.00	9.00-9.50
430	—	10.00-11.00	11.00-11.50
440	—	4.00-4.50	5.00-5.50

Gold 307.75-308.75
Valuers White Weld S.A.
1, Quai de Mont-Blane
1211 Geneva 1, Switzerland
Tel. 31 02 51; Telex 28 305

Viking Resources
International N.V.
N.A.V. as of 31-12-81
\$56.81 (D.Fs. 142.03)

INFORMATION:
Pierion, Holding & Pierson N.V.,
Herengracht 214, Amsterdam.

Consolidated Trading of AMEX Listings

Week Ended January 6, 1982

Company	High	Low	Open	Close
Amstar	104.75	104.00	104.00	104.00
Amstar	104.75	104.00	104.00	104.00
Amstar	104.75	104.00	104.00	104.00
Amstar	104.75	104.00	104.00	104.00

Volume: 26,300,000 shares
Year to Date: 26,300,000 shares
Issues traded in 1981
Advances: 354 declines: 437 unchanged: 138
New highs: 12; new lows: 46

European Options Exchange			
Tol. 242721 AMSTERDAM Telex 14596			
GOLD OPTIONS			
Series	Feb.	May	Aug.
c 375	33.00	49.00	61.00
c 400	14.00	30.00	41.00
c 425	6.00	19.00	25.00
c 450	2.00	9.50	—
c 475	1.00	7.00	—
p 375	5.50	10.00	14.00
p 400	11.00	20.00	25.00
p 425	20.00	34.00	34.00



THE KYOWA BANK, LTD.

Total Assets: US\$32 billion

Head Office: 1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo, Japan Tel: 03-287-2111
Telex: 224725 Overseas Offices: London, New York, Los Angeles, Singapore, São Paulo, Frankfurt, Amsterdam, Chicago, Hong Kong, Sydney, Bahrain, Overseas Subsidiaries: Kyowa Finance (Hong Kong) Ltd., The Kyowa Bank of California, Kyowa Bank Nederland N.V.

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• Interest paid or credited yearly.
• Amounts quoted are based on 1 year fixed time deposits.
• All interest paid is net and without deductions (taxes, etc.) of source.
• All transactions confidential.
• Deposits are unconditionally guaranteed. Write to Manager for further information.

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Shells Building Society
Highnam Development
European Fund
P.O. Box 343 - Gibraltar
Tel: 72544. Telex: 2297 STRANS GK

High Rates Keep Borrowers on Sidelines

(Continued from Page 9)

mitted to large investments, which cannot be turned off although they may be slowed, to increase its oil production as well as to develop and diversify its economic base.

Many of the 20 or so OPEC developing countries that are either oil exporters such as Mexico or produce enough oil to meet their domestic needs "are likely to face increasingly severe external financial constraints [this year], because their balance of payments is weakened by a growing trade balance deficit as well as by sharply rising debt service payments," the secretary of the Organization for Economic Cooperation and Development said in its Economic Outlook published last month.

Key Difference

Mexico currently is in the market with a syndicated loan of 400 million Deutsche marks — an operation that many bankers view as a public relations exercise to show that it can still borrow at a very low half percentage point over Libor. More important to the bankers is that the life of the loan is only four years. Last year, Mexico paid that much for eight-year money.

While Mexico has a commitment for eight years on the current loan, the terms and conditions remain to be negotiated upon Mexico's request to extend after the fourth year. In addition, Mexico will pay an extension fee of 0.25 percent.

The African Development Bank is in the market with three operations. It is raising 200 million spe-

cial drawing rights under the aegis of Bank of America at a split margin of ½ point over the interbank rate for three years and ½ point over for the final five years.

Merrill Lynch is leading a second operation, a \$100-million, seven-year underwriting facility, which is a hybrid between a syndicated loan and a public issue. The facility is used as a backup for the sale of three- and six-month certificates of deposit. The CDs will be offered for sale at the prevailing Libor rate. (By contrast, prime bank CDs are marketed to yield investors about ¾ percentage point below Libor.) The underwriting syndicate will buy the CDs from the ADB at a discount (unpublished) and stands ready to take the paper if purchasers are not found. The ADB will pay a ¼ percent underwriting fee each year.

Amex Bank is leading a similar \$50-million, seven-year facility to back up the sale of six-month CDs. But these will be offered at a quarter-point over Libor (which must give some measure of the size of the discount offered to the Merrill Lynch group). The ADB will pay a commitment fee of ¼ percent per year for the underwriting facility until the CDs are issued and a fee of ¾ percent per year once the CDs are offered.

Colombian Agency

The difference between the two deals is that the Merrill Lynch group will attempt to sell the CDs or, failing that, wind up stuck with the CDs themselves, while the Amex deal obviously puts less hope on finding a market and sim-

ply allots the CDs to the syndicate, and then each member is free to try to market the paper.

In Latin America, Colombia's electricity agency, ICEL, is seeking \$30 million for 10 years, offering to pay ¾ point over Libor. The loan is not specifically guaranteed by the government, which recently paid ½ point over Libor for three years and ¾ point over Libor for seven years on a \$200-million, 10-year loan.

In Spain, SEAT, 78-percent owned by the state holding company INI (which is guaranteeing the loan), is seeking \$50 million for six years, offering ¾ point over Libor. A year ago, INI guaranteed paper was marketed at ½ point over Libor for eight years.

Aucalsa, a Spanish highway agency, is seeking \$55 million for seven years. Half the loan is guaranteed by the government, on which banks will be paid ¾ point over Libor. The margin on the unguaranteed half is set at 1½ point over Libor. A year ago, the guaranteed portion would have carried a ½-point margin.

India will tap the market later this month for its largest ever international borrowing — a jumbo estimated at \$750 million to \$1 billion. The 10-year syndicated loan is targeted to help finance the construction of an integrated iron and steel mill and rolling plant at Paradip in Orissa state. Bankers say final details remain to be set but expect the margin to be a split ¾-½ point over Libor.

Also in the works, bankers report, are jumbos of \$500 million for both Portugal and Spain and an expected \$500 million for Shell.

NEW ISSUE

This announcement appears as a matter of record only.

December, 1981

U.S. \$50,000,000

Montana Power International Finance N.V.

15⅞% Guaranteed Notes Due 1987

Unconditionally Guaranteed as to Payment of Principal, Premium, if any, and Interest by

The Montana Power Company

Kidder, Peabody International

Amro International

Commerzbank

Société Générale de Banque S.A.

Bank Brussel Lambert N.V.

Société Générale

Swiss Bank Corporation International

Union Bank of Switzerland (Securities)

Alahli Bank of Kuwait (KSC)

Banca Commerciale Italiana

Bank Julius Baer International

Bank Leu International Ltd.

Bank of Arabie et Internationale d'Investissement

Bank Générale du Luxembourg S.A.

Bank Nationale de Paris

Bank Populaire Suisse S.A. Luxembourg

Bank Scandinave en Suisse

Bank of the Union Européenne

Bayerische Landesbank Girozentrale

Bayerische Vereinsbank

Blyth Eastman Payne Webber

Compagnie de Banque et d'Investissements, CBI

Crédit Industriel d'Alsace et de Lorraine

Creditanstalt Bankverein

Effectenbank-Warburg

Girozentrale und Bank der Österreichischen Sparkassen

Handelsbank N.W. (Overseas)

The Hongkong Bank Group

Kuwait Foreign Trading Contracting & Investment Co., (S.A.K.)

Kuwait Investment Company (S.A.K.)

Lloyds Bank International

Merrill Lynch International & Co.

The National Commercial Bank

Norddeutsche Landesbank Girozentrale

Österreichische Länderbank

Rothschild Bank AG

A. Sarasin & Cie

Société Bancaire Barclays (Suisse) S.A. Genève

Verband Schweizerischer Kantonalbanken

M.M. Warburg-Brinckmann, Wirtz & Co.

Williams & Glyn's Bank

Algemeine Bank Nederland N.V.

Banca del Gottardo

Bank Cantrade Switzerland (C.I.)

Bank Leumi le-Israel Group

Bank of the Middle East

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Al-Mal Group

Banco di Roma

Bank Cantrade Switzerland (C.I.)

Bank Leumi le-Israel Group

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Over-the-Counter

NEW YORK (AP)—Weekly Over the Counter stocks giving the high, low, and last bid prices for the week with the net change from the previous week's last bid prices. All quotations supplied by the National Association of Securities Dealers, Inc., are net of transactions but are representative interdealer prices at which these securities could have been sold. Prices do not include retail markups, markdowns or commission.

Sales supplied by NASD.

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Over-the-Counter

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(Continued on Page 13)

Stenmark Sets World Cup Record With Victory in Giant Slalom Race

From Agency Dispatches
MORZINE-AVORIAZ, France — Ingemar Stenmark set a record for World Cup skiing victories Saturday by winning a giant slalom race here. It was the 63rd triumph of his career and his first victory of the current season.

Stenmark's last triumph came on Feb. 14, 1981, when he tied Annemarie Moser-Pröll's mark of 62 by winning a giant slalom race in Are, Sweden. Between then and Saturday he had not won in 11 outings.

In Saturday's race Stenmark edged last year's overall World Cup winner, Phil Mahre, Stenmark was faster than Mahre on both runs, but was beaten down the second run by Marc Girardelli of Luxembourg, who finished the day in third place.

"It was important for me to win," said the 25-year-old veteran. "I am trying to win the giant sla-

lom and slalom World Cup championships, but my main goal is Schlading," he added, referring to the World Alpine Skiing Championships, which begin in Austria Jan. 27.

As the runner-up, Mahre easily retained his No. 1 slot in the overall standings with 155 points. He was followed by Stenmark with 84 and Joel Gaspoz of Switzerland with 62.

Mahre said he made a few mistakes on a course that he considered too direct.

"I didn't feel I was skiing as well as I did before Christmas," he said, "but everybody has those days. Some places were really good on the course, but I made one real big mistake and two smaller mistakes. I was low on one of the gates at the top and later I crossed my tips and had trouble with the sixth gate from the finish."

"There was a lot of distance be-

tween the gates. The course went straight down hill. It was not really a giant slalom."

Stenmark's first cup victory was in December, 1974, when, at 18, he won a slalom race in Italy. He won four more races that winter and finished the season in second place behind Gustavo Thoeni in the overall standings.

Stenmark has dominated slalom and giant slalom ever since, winning the overall World Cup championship in 1976, 1977 and 1978 and taking two gold medals at the 1978 World Championships and again in the 1980 Olympics.

Uneasy with a circuit so dominated by one skier, World Cup officials went through a series of alterations in the scoring rules. They also began to encourage an "all-round" skier — one who is competent in all three disciplines: slalom, giant slalom and downhill.

Stenmark, who does not race downhill, consequently dropped from the top spot in the overall standings while retaining mastery in his specialties.

Women's Race Canceled

PFONTEN, West Germany (AP) — A women's giant slalom race was canceled here Saturday because of gale-force winds and rain, the organizers announced.

Men's Giant Slalom

1. Ingemar Stenmark, Sweden, 2:34.04.
2. Phil Mahre, U.S., 2:34.52.
3. Marc Girardelli, Luxembourg, 2:35.08.
4. Alexander Zhigov, Soviet Union, 2:35.39.
5. Hubert Struhs, Austria, 2:35.58.
6. Tordar, Jakobsson, Sweden, 2:35.61.
7. Patrick Lamotte, France, 2:36.03.
8. Joel Gaspoz, Switzerland, 2:36.38.
9. Gerhard Joser, Austria, 2:36.54.
10. Jean-Luc Poirier, Switzerland, 2:36.59.
11. Hermann Schmid, Austria, 2:37.28.
12. Jozs Kerecsi, Yugoslavia, 2:37.35.
13. Max Gugen, Switzerland, 2:37.40.
14. Paul-Arne Skjerve, Norway, 2:37.62.
15. Valery Tsvetkov, Soviet Union, 2:38.04.

World Cup Standings

1. Phil Mahre, 155 Points.
2. Stenmark, 84.
3. Gaspoz, 62.
4. Andreas Wenzel, Liechtenstein, 54.
5. Peter Mueller, Switzerland, 52.
6. Steve Podkorski, Canada, 49.
7. Girardelli, 47.
8. Steve Nishitani, U.S., 38.
9. Zhigov, 38.
10. Erwin Reich, Austria, and Franz Klammer, Austria, 34.



Ingemar Stenmark en route to the record.
"... It was important for me to win."

A President-Turned-Author Tests the Waters

By Angus Phillips

Washington Post Service

WASHINGTON — Jimmy Carter has published his first written work since leaving the White House a year ago, and it wasn't a weighty tome or something for The Nation or The New Republic.

Carter's "Spruce Creek Diary," reminiscing about a successful fishing trip to Pennsylvania last spring, is tucked away without fanfare in the January-February issue of Fly Fisherman magazine, which was published last week.

The low-key, 4,000-word essay recounts his and wife Rosalynn's one-week visit to Wayne Harper's farm near State College, a foray capped by the former president's capture and release of a 17-inch brown trout. He also said he had netted and released a number of others. (U.S. fly fishermen rarely kill trout, preferring to return them to the water and sustain the sport.)

'Just Happened That Way'

Carter, in a telephone interview from his home in Plains, Ga., said there was no particular significance in the fact that his first postpresidential musings were on fishing. "It just kind of happened that way," he said, adding that he still is working on a book of political memoirs.

He said he rediscovered fly fishing during his tenure as president, having made his first experiments in Atlanta's Chattahoochee River when he was governor of Georgia. He began fly fishing again at Hunting Creek near Camp David, Md., and then moved on to more fertile Pennsylvania waters just before the Begin-Sadat summit meetings.

"I kind of live and breathe fly fishing," he said, adding that it and woodworking are his two hobbies. "When we went to Spruce Creek," Carter said, "I took notes for what I figured to be a chapter in a book on fishing" that he plans to write some day.

He finished the chapter last June and got the inspiration to send it along to Fly Fisherman when he was leading through the magazine. He called publisher Don Zahner. "He was enthusiastic," Carter said. The article is notable for its lack of politics. Carter said he intended it that way and that the only editing Zahner did was to remove one vaguely political reference.

Final-Night Thoughts

Carter wrote that two prized, hand-made fly rods were stolen from his baggage in the move from Washington to Plains, commenting that their loss — not the loss of the presidency — "seemed to be the more serious to all of us as we discussed important matters by the tumbling waters of the Pennsylvania creek." Zahner changed the mention of the presidency to "election campaign," which he considered less political. Other than that, Carter said, the article ran as written.

As an outdoors story it covers all bases, including an explanation of how Spruce Creek came to be an extraordinary fishing hole (careful farming in adjoining fields). Carter's easygoing style works well in de-

scribing the gentle, green landscape and the dainty sipping tactics of trout on the feed.

His hosts included some of the top Pennsylvania fly fishermen, who are among the best in the nation, and Carter shows them considerable respect.

He concludes with a description of his final night at Spruce Creek:

"That night Rosalynn and I talked about how Wayne [and the rest of the party] all seemed very close to us, part of a large but close-knit fraternity of sportsmen who love God's world with its changing faces and seasons and want to preserve its beauty and its challenge and its excitement."

"After my week-on Spruce Creek, I could see very clearly how far I still have to go to realize one of my goals in life: to become a good fly fisherman. But I look forward to the challenge — and to the excitement it brings."

Carter said he and his wife ride bicycles out to fly fish in the stream and bass ponds in Plains two or three evenings a week in the season, and have four or five major fishing excursions planned for this spring. One of them, he expects, will be a return to Spruce Creek.



Jimmy Carter.
"I kind of live and breathe fly fishing."

Clippers' Owner Is Clipped \$10,000 For Sounding Like a Satisfied Loser

From Agency Dispatches

NEW YORK — Donald T. Sterling, owner of the San Diego Clippers basketball team, was fined \$10,000 after he was quoted as having told newsmen at a luncheon last Thursday: "Our plan is to get the No. 1 draft choice.... We must end last to draw first to get a franchise-maker.... I guarantee you that we will have the first or second or third pick in the draft."

The National Basketball Association conducted a swift investigation, interviewing newsmen present at the luncheon and monitoring a tape of the proceedings.

Satisfied the Clippers owner had not been misquoted, NBA Commissioner Larry O'Brien told Sterling in a letter Friday: "I am advised that you did not intend to suggest that the Clippers would ever act in any other way and that you regret having made your public statements. However, even though I

accept your assurance that you and the Clippers will continue to perform to your fullest on the court, your unfortunate comments strike at the integrity of this league and cannot be excused."

O'Brien added that the fine was payable no later than Jan. 31 and warned Sterling that his future actions would be closely watched.

Sterling, who purchased the 9-24 Clippers last June, said that he was only talking tongue-in-cheek at the luncheon. He had ordered three separate rounds of drinks for members of the news media — asking the waiter to serve the most expensive drinks in the house on the last call.

"I respect the NBA," he said. "I'm disappointed that they misunderstood me. If anyone at the luncheon misunderstood me, I regret it."

But he added: "I'm going to appeal the decision."

New Zealand Wins World Cup Berth

From Agency Dispatches

SINGAPORE — New Zealand defeated China, 2-1, in the Asia/Oceania playoff here Sunday and claimed the 24th and final place in next summer's World Cup soccer tournament in Spain. It was the first time New Zealand has ever gained the cup finals.

The taller, heavier Kiwis dominated throughout. Steve Woodin scored from a sharp angle with the match 24 minutes old to give New Zealand a 1-0 halftime lead. The winning margin came two minutes into the second half, when Wynon Rufer talked on a shot of more than 20 meters (about 65 feet). Huang Xiangdong scored the losing goal in the 76th minute of the second half.

The New Zealanders had staged a remarkable recovery to take part in Sunday's match. They needed to — and did — beat Saudi Arabia by five goals in Riyadh last month to force the playoff. New Zealand will join four other newcomers in the cup finals: Kuwait, winners of the Asia/Oceania section, African qualifiers Algeria and Cameroon and Honduras.



Ken Anderson.
"... The best pure forward passer the game has seen for many years."

West Teams Win 2 All-Star Games

From Agency Dispatches

HONOLULU — Jim McMahon hooked up with Baylor running back Walter Abercrombie for three touchdown passes, the last a 62-yarder with 2:49 left to play in the game, giving the West a comeback 26-23 victory over the East in the Hula Bowl, one of Saturday's two college football all-star games.

In Palo Alto, Calif., San Diego State quarterback Matt Koffler threw two touchdown passes to wide receiver Dan Plater to spark the West to a 20-13 victory in the 57th annual East-West Shrine game.

The West was trailing in the Hula Bowl, 23-13, early in the fourth period when McMahon, who set 55 National Collegiate Athletic Association records during his quarterback career at Brigham Young University, assembled marches of 97 and 80 yards to pull out the victory.

On the first drive, which was slowed by a 9-yard sack, McMahon completed 9 of 10 passes for 98 yards, capping the drive with a 9-yard toss to Abercrombie to narrow the East's lead to 23-19.

Rules of the Game

Under the rules of the game, the trailing team receives. So the West took the kickoff and McMahon this time took the team 80 yards in just six plays, ending it with the 62-yarder to Abercrombie, who caught the ball on the sideline at midfield and cut back in outracing the secondary.

On the series, McMahon completed 4 of 5 passes for 78 yards. "If you're going to be behind, this is the game to be behind in," said the West coach, Edward LaVell of Brigham Young.

Earl Bruce of Ohio State, who coached the East, said it was the Hula Bowl rule that turned the game around.

"The defense tires out and breaks when they get exhausted," he said.

'Nothing'

McMahon said he was not concerned about being behind going into the final quarter.

"Ten points is nothing when there is a whole quarter to play," he said.

"I was frustrated in the first half. We were moving the ball well, but had all those turnovers."

He was noting two lost fumbles and three intercepted passes.

McMahon and Abercrombie also combined in the first quarter on a 6-yard pass that gave the West a short-lived 7-3 lead.

For the game, McMahon completed 22 of 33 passes for 330 yards — a Hula Bowl yardage record — and Abercrombie, voted the game's outstanding offensive player, tied a game mark with his touchdown receptions.

Ohio State's Bob Atha booted three field goals for the East — from 22, 33 and 20 yards.

With John Fourcade leading the way, the East assembled a 17-7 halftime lead. The Mississippi quarterback scored one touchdown on a 1-yard sack — set up by a 62-yard pass from Fourcade to Lindsey Scott of Georgia — and Navy's Eddie Meyers plumped over from 2 yards out for the other score.

Both touchdowns came in the second quarter after Atha's first field goal.

Atha's second field goal extended the East's lead to 20-7 in the third quarter, but the West countered with a 1-yard scoring run by Sam King of Nevada-Las Vegas to tie the game.

Rogers is Top NFL Rookie

United Press International

NEW ORLEANS — George Rogers, the New Orleans Saint running back who rolled up 1,674 yards on his way to the National Football League rushing title, was unanimously voted rookie of the year by the Professional Football Writers of America Saturday. Rogers broke Otis Anderson's all-time rookie rushing record of 1,605 yards and scored 12 touchdowns. The group also named Cincinnati's Forrest Gregg and San Francisco's Bill Walsh as coaches of the Year.

More Sports

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Bengals Win Super Bowl Slot

United Press International

CINCINNATI — The Cincinnati Bengals Sunday afternoon survived the second coldest National Football League playoff game ever and earned the first Super Bowl berth in their 14-year history, using a red-hot performance by quarterback Ken Anderson to chill the San Diego Chargers 27-7 in the American Conference championship game.

The game, which began with the temperature at 9 F below zero and a wind-chill factor of minus 34 F, was nearly postponed by NFL Commissioner Pete Rozelle. Rozelle gave the go-ahead to play from his New York office 75 minutes before the sun was in the sky.

Cincinnati, which won the AFC Central title at 12-4 and defeated Buffalo in the opening round of the playoffs last week, will face the winner of Sunday's Dallas-San Francisco National Conference title game in the Super Bowl on Jan. 24 at Pontiac, Mich.

The only game in NFL history played in colder weather was Dec. 31, 1967, when Green Bay defeated Dallas in the famous "Ice Bowl" at Green Bay.

Anderson, the AFC player of the year this season and the top-rated quarterback in the league, dazzled the Chargers with his passing and running.

Called by San Francisco Coach Bill Walsh, "the best pure forward passer the game has seen for many years," Anderson set up field goals of 31 and 38 yards by Jim Breach,

threw touchdown passes of eight yards to M.L. Harris and three yards to Don Bass and set up Pete Johnson's 1-yard scoring plunge to send the Bengals on their way to the Super Bowl.

Anderson completed 14-of-12 passes for 161 yards and two touchdowns and Johnson rushed for 79 yards on 24 carries.

Early Lead

The Bengals took a 10-0 lead in the first period, led 17-7 at halftime and then dominated the second half to send the Chargers to defeat in the AFC title game for the second straight year. They lost to Oakland, 34-27, in last year's title game.

The game matched the top two offenses in the league, San Diego, which led the league in total offense and beat Miami, 41-38, in a four-hour, overtime struggle last week, simply could not handle the bone-chilling weather and the Bengal defense. The Chargers had to make a change in temperature of 143 degrees from the heat of Miami to the cold of Cincinnati.

San Diego's only score came on a 33-yard touchdown pass from Dan Fouts to tight end Kellen Winslow in the second period. The Chargers threatened several times, moving deep into Bengal territory, but they simply could not cross the goal line.

Bass' Role

Fouts hit on 15-of-21 passes for 185 yards. Chuck Muncie carried 23 times for 94 yards.

After taking the 17-7 lead at the half, Cincinnati got a 38-yard field goal from Breach in the third period to improve its lead to 20-7 and then put the game out of reach with 6:52 to go on Anderson's 3-yard flip to Bass. It was the first pass reception of the year for Bass, who had been injured.

Breach's field goal came after a holding penalty wiped out a 10-yard scoring run by Steve Kreider on a fake field goal attempt.

Cincinnati's clinching drive began on its 32 and was highlighted by Johnson's power running. Anderson hit Chris Collinsworth for 16 yards and was knocked out of the game temporarily after a run. Backup Jack Thompson came on and completed a 14-yard swing pass to Johnson for a first down at San Diego's 32 and then Johnson and Charles Alexander took turns blasting through San Diego's line to the 3.

Anderson delivered the crushing blow with his short pass to Bass. The Bengals, who won the opening toss and elected to kick off, scored on their first possession and led 10-0 just 59 seconds later.

Cincinnati took over on its 36 following a 27-yard punt by George Roberts and Anderson threw a 17-yard pass to tight end Dan Ross to help move the ball to the Charger 13.

Breach hit a wind-aided 31-yard field goal 6:55 into the game.

Rookie James Brooks fumbled the next kickoff after a jarring

tackle by Rick Razzano and Bass recovered for Cincinnati at San Diego's 12.

Alexander pounded for four yards to the 8 and Anderson then hit backup tight end Harris alone deep in the end zone for a 10-0 lead 7:54 into the game.

The Chargers came back and marched to the Bengals' 19, but Rolf Benirschke's 37-yard field-goal attempt into the wind wasn't even close.

San Diego got its first touchdown early in the second period, moving 55 yards in six plays, capped by Fouts' 33-yard screen pass to Winslow for a touchdown 1:26 into the period.

But the Bengals got that score right back less than four minutes later. With Anderson picking apart the porous San Diego secondary, Cincinnati went 55 yards in seven plays after David Verser's 40-yard kickoff return to the Bengals' 45.

In Succession

Anderson hit Ross for nine yards and Collinsworth for 15 and 12 yards on three successive plays. Two plays later, Anderson threw 15 yards to Isaac Curtis to the 1 and Johnson barged over on their next play for a 17-7 lead.

Fouts took the Chargers into scoring position twice more before the half ended, but was stopped both times by interceptions.

Louis Breeden, who returned an interception of a Fouts pass 102 yards for a touchdown in Cincinnati's 40-17 victory during the regular season, picked one off at the 5 after the Chargers had moved to the Bengals' 32.

On the next series, San Diego moved to Cincinnati's 21 before Bobby Kemp intercepted Fouts' first-down pass in the end zone and returned it 24 yards to the 19.

Near the end of the game, the crowd of 46,302 which braved the arctic conditions at Riverfront Stadium began showering confetti and shredded paper on the field in the final two minutes.

When the game ended, Cincinnati players lifted Coach Forrest Gregg on their shoulders and carried him to the center of the field.



Dan Fouts

East Germans Swim to World Bests in U.S. Meet

United Press International

GAINESVILLE, Fla. — East German girls won two gold medals with world-best performances in Saturday's second night of competition at the U.S. Swimming International, but the American men's and women's teams won 400-meter relays in record times.

There will be no world records in the three-day meet because the races are being conducted in a 25-meter pool, which produces more turns and faster times than a 50-meter pool.

East German Ute Geweniger, who beat record-holder Tracy Caulkins of the United States in Friday's 100-meter breaststroke (her 1:07.47 matched Caulkins' world record), defeated her again Saturday in the 200-meter breaststroke, posting a world best-time of 2 minutes, 26.17 seconds.

That bettered by more than a second the 2:27.32 clocking Caulkins achieved in this meet a year ago.

Caren Metschuk of East Germany broke her own world-best time of 2:53.33 with a 2:52.28 in the 50-meter freestyle.

Jill Sterkel was second, registering a U.S. record time of 2:56.00, but it was her first loss in the event.

The U.S. women's 400-meter medley relay team of Caulkins, Sue Walsh, Melanie Buddenmeyer and Sterkel won in a world-best time of 4:06.43.

The American men's 400-meter medley relay team, comprising

Jesse Vassallo, Matt Gribble, Bill Barrett and Robin Leamy, turned in a record 3:39.96 clocking.

On Friday, East German Petra Schneider set two world bests.

She won the 800-meter freestyle in 8:17.32 (bettering the mark of 8:18.77 set by American Cynthia Woodhead) and the 200 individual medley in 2:10.60 — 20 seconds better than the mark set last year by Caulkins.

Schneider also won Saturday's 400-meter individual medley, in 4:33.65.

Caulkins was second that race, as she had been in Friday's 800-meter freestyle.

Three Canadians won golds Saturday.

Victor Davis took the 200-meter breaststroke in a world-best 2:11.54; Mike West won the 100-meter backstroke in 55.88 and Peter Smidit the 400-meter freestyle in 3:49.00.



Petra Schneider in action in the 800-meter freestyle.

McEnroe, Connors in Tennis Final

From Agency Dispatches

ROSEMONT, Ill. — John McEnroe overpowered Czechoslovakian Ivan Lendl with devastating serves and smashing forehand drives Saturday night to score a 6-1, 7-6 victory and move into the final of a professional round-robin tennis tournament here. McEnroe will face Jimmy Connors, who defeated Vitas Gerulaitis in the other semifinal, 7-6, 4-6, 6-7, 5-7.

McEnroe's service held Lendl to six points in four games of the first set and six games of the second before the tie-breaker. McEnroe, who served nine aces, trounced Lendl in the opening set with a barrage of passing shots, while Lendl netted several returns.

In the second set, McEnroe served three games at love. In the tie-breaker Lendl trailed 4-3 but took a 5-4 advantage with two consecutive overhead smashes. McEnroe took the next three points, however, Lendl hitting long to end the match.

Friday night, Jose Luis-Clerc of Argentina beat McEnroe, 2-6, 6-3, 7-5 but McEnroe still advanced to the semifinals. In other matches, Gerulaitis defeated Ilie Nastase 5-7, 6-3, 6-4; and Wojtek Fibak beat Eliot Teltscher 7-5, 6-3 in a match of men who had already been eliminated from semifinal competition.

first game of the second set and held service the rest of the way.

Guenthardt, Taroccy Win

BIRMINGHAM, England (AP) — Heinz Guenthardt of Switzerland and Balazs Taroccy of Hungary won the World Doubles Championship Sunday, rallying to beat Kevin Curren of South Africa and Steve Denton of the United States, 6-7, 6-3, 7-5, 6-4.

The winners had been 6-4, 6-4, 7-5 semifinal victors over Americans Sherwood Stewart and Ferdi Taygan. Curren and Denton had ousted defending champions Peter McNamara and Paul McNamee of Australia, 6-3, 3-6, 4-6, 6-2, 7-6.

Frawley Triumphs

ADELAIDE, Australia (AP) — Australian Rod Frawley, seeded eighth, defeated unseeded American Lloyd Bourne, 2-6, 6-3, 6-2, here Sunday to win the South Australian Open championship's men's singles title.

Philippines Leads

HONG KONG (AP) — The Philippines won a doubles match Saturday and took a 2-1 lead over Hong Kong in preliminary-round Davis Cup competition. The winner of the best-of-five series will meet South Korea in the next round later this month.

NHL Standings

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Team	W	L	T	OT	GF	GA	Pts
NY Islanders	23	11	5	7	149	129	49
Philadelphia	24	15	1	14	139	149	49
Pittsburgh	19	17	4	16	144	144	41

Letter From Los Angeles

A Find to Shiver Anyone's Timbers

By Robert Lindsey
New York Times Service

LOS ANGELES—The Victorian house is making a curious comeback in California, heartland of the low-slung, three-bedroom, two-bath bungalow.

Builders and real estate agents reported that they have discovered a surprising market recently for new houses featuring gables, turrets, gazebos, cupolas, leaded glass, parlors and yves, even front porches—houses built today with 1890 architectural touches.

But if the past is the guide, the idea of building unadorned Victorians will likely be borrowed by builders around the United States after the nation's current deep housing slump ends.

The builders also admitted that they don't know why the anachronistic architectural gingerbread of a Victorian house is popular again. Some speculate that it reflects preoccupation with the past reflected in the interest in antiques and collectibles; to others it indicates that some Californians are simply tired of lookalike bungalow-style homes.

Older Styles

Another theory is that successful restoration of old homes in many

The interiors of this new generation of Victorian houses tend erratically to feature modern interiors. Some have ceilings of feet or even taller. Kitchens, bathrooms, however, derive little to the 20th century.

California's residential landscape has long been dominated by the mass-produced, single-story "California ranch" house and its cousin, the "California contemporary," as well as a middle-class echo of the Spanish hacienda, white stucco walls and red tile roofs.

Many architectural innovations introduced on a wide scale by California developers were subsequently borrowed by builders elsewhere and influenced the architecture of suburban housing in much of the United States. Included in the low-profile, one-story "California ranch," the family room situated in the kitchen and, in the living room, cathedral ceilings, "wet bars" wall-to-wall carpeting.

Although these traditional styles are still by far the most popular in housing developments near Los Angeles, San Francisco, San Diego and elsewhere in California, home shoppers around the state are covering increasing examples of Victorian-style homes.

ated a demand for new suburban homes built in older styles.

"People seem to like older things more now," said Ellie Hughey, a sales agent at a housing development called Old Orchard Farms in the suburban community of Corona, south of here. Some people reject go crazy over the parlors."

The parlors are small, anterooms adjacent to the living rooms, which have the effect of extending the space. And, Hughey said, "I think people are getting very tired of the California ranch and, certainly, Spanish.

"We're getting 600 people a week looking at the homes, and we're selling one a week, which is tremendous in the current state of the market."

Turnaround

Hank Becker, the director of sales at Heritage Place, a development of Victorian-style homes that sell for \$240,000 to \$265,000 in Fremont, a suburb south of San Francisco, said: "There seems to have been a turnaround in the country for things that are older. These homes have a touch of nostalgia; they conjure up a lot of pleasant things, peaceful things,

There's something cozy
substantial about the old style," said Martha Levy, a computer graphics artist who recently looked over a development of townhouses called Victoriana in Los Gatos, a suburb of San Jose. "Inside the house, as just modern" as other homes, she said, "but outside they look like the kind of home mother grew up in in Kansas."

Some builders compare the construction of updated Victorian copies to a trend in the antique business: in California, older furniture — antique roll-top desks and claw-foot oak dining tables and chairs — have been so popular recently, and have become so scarce and expensive, that the production of replica antiques is now a major business here.

"Some people really hate them and others drive from all over to see them," Prim Shea, a contractor, said of the Victorian-style houses her company has built in two developments in Huntington Beach near here.

"We really started this with tongue in cheek," Becker, the Hermosa sales agent, said. "Now we see this thing has taken off, and

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